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9 THE WORLD TRADE ORGANIZATION

10 LISTENING SESSION

11

12 Monday, July 12, 1999

13 Iowa Historical Building Auditorium

14 Des Moines, Iowa

15

16 Morning session/Volume I

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1 (Start time at 8:13 a.m.)

2 MR. BLOUIN: I'm Mike Blouin, the
3 CEO and president of the Greater Des Moines
4 Partnership and the CEO of the Greater
5 Des Moines Area Chamber of Commerce. I want
6 to welcome you here personally to Des Moines
7 and hope the day is productive for you. We
8 begin this morning with the presentation of
9 flags and the pledge of allegiance and the
10 national anthem, and I would ask Chet Culver,
11 the Secretary of State, to lead us at the
12 appropriate time of the pledge of allegiance
13 followed by the singing of the national anthem
14 led by Emily Chafa.

15 MR. CULVER: Good morning. Please
16 present the colors. They will be presented by
17 the Future Farmers of America. And please
18 join me in the pledge of allegiance. I will
19 now introduce Assistant County Attorney Emily
20 Chafa to sing the national anthem. Please
21 post the colors. You may now be seated. At

22 this time it is my pleasure and honor to
23 introduce the mayor of Des Moines, Preston
24 Daniels.
25 MR. DANIELS: I will make one small

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1 correction while I'm here for Chet's benefit.

2 Emily is an assistant city attorney. I try to

3 take advantage of any good situation I can.

4 Since she did do so well, she does work for

5 the City of Des Moines.

6 And good morning, Mr. Secretary,

7 Governor Vilsack, and good morning to all of

8 you in the audience today. It's my pleasure

9 to be here to welcome, to start off this WTO

10 listening session today. I was, however,

11 struck by the fact that the Des Moines

12 metropolitan area has just come off of one of

13 the most successful events in its history, and

14 I do hope that some of you had an opportunity

15 to get out and to visit the Senior Open as it

16 was taking place. But at the same time I

17 recognize that today we were going to be

18 meeting here and that many of you are not

19 sharing in that wonderful enthusiasm that took

20 place this weekend and that you are faced with

21 problems that are almost insurmountable. And

22 so I would hope that today, that this is an
23 opportunity at this listening session for many
24 of those issues to be aired and to be heard by
25 very receptive ears that can indeed go back

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1 and impact in a very positive way the outcome
2 of this session. So I wish you a good
3 session, and I hope you have a very good stay
4 during your time here in the city of
5 Des Moines. Thank you.

6 SECRETARY JUDGE: I think it's my
7 turn. Good morning. Welcome to Iowa. To our
8 out-of-state visitors, we're pleased that
9 you're here to join us today as we undertake
10 what we all know is some very, very important
11 work. I would like to this morning first of
12 all introduce to you the Governor of the State
13 of Iowa, Thomas J. Vilsack. Governor Vilsack.
14 I think he's going to speak this afternoon.
15 Why don't you stand up, and everybody give him
16 a hand. We're very pleased that the governor
17 took time out of his busy schedule to join us
18 this morning. Again, it shows the
19 understanding that we have here in Iowa about
20 the importance of agriculture and
21 international trade of products.

22 We have a lot of distinguished
23 visitors, and I'm going to try to go through
24 the list very quickly. I'm not going to
25 introduce the people that will be speaking,

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1 and we'll give them an opportunity later, but
2 there are other people in the audience that do
3 need to be introduced, and so if you'll hold
4 your applause, we're probably going to get
5 quite a few of you up. So why don't you just
6 stand and remain standing, and then we can
7 give everybody a round of applause at one
8 time. From Washington, D.C., Tom Grau who is
9 really from Iowa but he says he's from
10 Washington, D.C., the Deputy Undersecretary of
11 Agriculture. Tim Galvin, Administrative USDA.
12 Barb Leash (phonetic), Deputy Administrator
13 for Policy, USDA. Paul Theil (phonetic),
14 Administrative Division Chief, U.S. State
15 Department. Steve Nupp (phonetic), Senior
16 Economist for Ag Service, STR. Anita Regimee
17 (phonetic), FAF. And Larry Morandi, National
18 Conference of State Legislators. All of those
19 folks have come from Washington to visit with
20 us. Let's give them a round, please.

21 And now from the states we have

22 Ollie Ridley (phonetic) who is from Colorado
23 who is FSA State Provision Chairman. From
24 here in Iowa Richard Johnson, our state
25 auditor. Brent Halling, somebody that you all

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1 need to know and you'll get to know before the
2 day's over. Brent is the Deputy Secretary of
3 Agriculture here in Iowa. Bob Soukup, Iowa's
4 FSA director. Ellen Huntoon, USDA State
5 Director. Allen Patch, U.S. Department of
6 Commerce. John Mooreland, who is the
7 administrative assistant to Senator Tom Harkin
8 who is unable to be with us today. Gary
9 Grant, administrative assistant to Congressman
10 Jim Leach. Joe Hueber, administrative
11 assistant to Congressman Jim Nussel. And we
12 have a number of state legislators here with
13 us. Those -- and I may get some of you in the
14 wrong state, so please bear with me here, but
15 I'll try to get all of you. Someone that is
16 known well to me, and I think very highly of
17 the gentleman, State Senator John Judge.
18 Senator Jack Kibbie, Senator Betty Soukup,
19 Senator Lyle Zieman, State Representative Tom
20 Badler (phonetic), Representative Ethel Lee
21 Boggess, Representative James Drees,

22 Representative Sandra Greiner, Representative
23 Norm Mundie, Representative Delores Mertz,
24 Representative Marci Frevert. I think that's
25 all of the Iowa representatives. Do you want

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1 to give them a hand for me, please.

2 Now, we have got some from out of
3 state too, and we're really pleased that
4 you're here with us. We have from Kansas
5 Representative Joann Flower, Senator Janice
6 Lee, Representative Wayland (phonetic), and
7 Representative Sharon Schwartz from Kansas.
8 Would you give those folks a hand, please.

9 We have a Nebraska visitor,
10 Senator -- or excuse me, Representative Ted
11 Winter. From Missouri we have several folks.
12 I'm going to introduce all of the Missouri
13 visitors together. You see when you get over
14 50 what you have to do with these papers?
15 They get farther and farther out even if
16 you're wearing your glasses. Brad Epperson
17 who is Director of FSA in Missouri. Boy, I'm
18 going to murder this one. Takayoshi Kondo,
19 Consulate General with Japan in Kansas City;
20 Jeff Wolster (phonetic) of DIC in Kansas City;
21 Morris Westfall, State Senator; State

- 22 Representative Esterl Robirds; and State
- 23 Representative Merrill Townley; and
- 24 representing Governor Bill Graves is Janey
- 25 Adams. Would you all give those folks a hand.

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1 We're very pleased that we did have
2 a couple of visitors come over from South
3 Dakota to join us today. State Senator Frank
4 Kloucek and State Representative Roland
5 Chicoine. Good to see both of you this
6 morning too. If I missed any elected
7 officials or representatives of elected
8 officials, do you want to stand up and tell
9 us? If not, we'll say my staff did a great
10 job of assembling all those names.

11 AUDIENCE MEMBER: I'd like to
12 introduce two of my good friends. LeRoy Brown
13 from the U.S. Conservation Office. I'd like
14 to introduce my other good friend from Kansas,
15 a good friend of Secretary Glickman,
16 FSA's Adrienne Palansky (phonetic).

17 SECRETARY JUDGE: Sure. Great.
18 Good to see you. Thank you, Rob. Without
19 further adieu, we're going to try to keep on
20 task, and that's going to be Mike Blouin's job
21 today. But we do have our distinguished

22 guests here this morning to say a few words to
23 us. And I don't think any of these people
24 need lengthy introductions for you to know who
25 they are, so you're not going to get them.

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1 First up to speak to you this morning, the
2 gentleman that we are very pleased that took
3 time out of his Washington schedule to join us
4 in Iowa and the person that is directly
5 responsible for taking our message to the WTO,
6 we're very, very honored to have him with us
7 here today, and that is Secretary of
8 Agriculture Dan Glickman.

9 SECRETARY GLICKMAN: Thank you,
10 Patty, very much. I'd like to thank my friend
11 Mike Blouin. He and I served in the U.S.
12 Congress together in the 19th Century. That
13 was back when he still had his hair, and it's
14 a pleasure to be here with Governor Vilsack
15 who is already doing a great job for Iowa and
16 Iowa agriculture, and my former colleagues in
17 the Congress Chuck Grassley and Leonard
18 Boswell who also do an outstanding job.

19 This is the ninth in a series of
20 forums that the USDA has put on along with the
21 United States Trade Representative, and we

22 have our ambassador for agriculture from the
23 USTR Peter Scher who will speak to you in a
24 moment. But the purpose of these is to
25 basically listen to farmers and ranchers

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1 around the country about what you think that
2 this country ought to be doing as we enter
3 this next round of trade negotiations which
4 will begin in Seattle in the fall and how we
5 should trade policy and what we ought to be
6 doing for agriculture. This is a listening
7 session which means we listen and you talk.
8 But I would like to make a few points since
9 I've come here, and I appreciate Secretary
10 Judge and her involvement and her allowing me
11 to do this.

12 First of all I wanted to emphasize
13 the enormous impact trade has on the lives of
14 U.S. farmers and ranchers. When farm exports
15 are strong, by and large the farm economy is
16 strong. And it's not a coincidence that the
17 farm economy is slumping badly at precisely
18 the time that nearly half of our overseas
19 markets have been mired in a recession.

20 Number two is that agriculture is
21 much more export-dependent than our economy as

22 a whole, and it will only become more so in
23 the upcoming years. Domestic demand is not
24 growing fast enough to keep up with our
25 agriculture productivity. And for agriculture

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1 to survive, we must have access to the global
2 markets. That's especially true in this part
3 of the country as well as where I come from as
4 well, just down the road in Kansas. All of
5 the states represented here, for example, are
6 big producers of soybeans which happen to be
7 our most marketable commodity overseas in 1998
8 with over \$6 billion in cash receipts.

9 Number three, we are doing
10 everything we can to take advantage of the
11 foreign trade opportunities that are available
12 to us, but the fact is, as you well know,
13 there are many barriers which keep our
14 agriculture goods out of foreign markets, and
15 you will be shortly hearing from Tim Galvin,
16 our foreign agriculture director, who will have
17 a little slide show talking about where those
18 opportunities, where those impediments are.

19 Some of our competitors spend far
20 more subsidies and maintain much higher
21 tariffs than we do. Our average tariff in

22 agriculture products is about 8 percent, and a
23 lot of our competitors have tariffs between 5
24 and 10 times the amount that we do. In fact,
25 most of the world has much higher tariffs than

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1 we do. Clearly the playing field is tilted
2 sharply to our disadvantage in many areas. We
3 have nothing to fear and everything to gain as
4 we prepare for the upcoming talks since we
5 already have the world's most open market.

6 Number four, we want to eliminate
7 tariffs through negotiations, but we also have
8 to protect ourselves. That's why effective
9 next week the Administration is imposing a
10 tariff-rate quota on land, a move designed to
11 enhance the competitiveness of our domestic
12 land industry in the face of a recent surge in
13 exports.

14 We've stood strong this year in
15 disputes with the European union over bananas
16 and beef hormones. Just today there was a
17 decision on the amount of compensation on the
18 beef hormone issue which perhaps Ambassador
19 Scher may want to address. But we've also
20 extended cash bonuses with exporters of frozen
21 poultry and several dairy products to combat

- 22 the export subsidies and unfair trade
- 23 practices of competitor nations.
- 24 Earlier this year we negotiated a
- 25 sound agriculture agreement with China which

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1 will be an important precursor to conventional
2 Chinese membership of the WTO. And we've also
3 revamped our policy on trade sanctions.
4 (Inaudible) Senator Grassley, Congressman
5 Boswell, and Senator Harkin and others in your
6 delegation which will lift bans on exports on
7 food to Iran, Libya, and the Sudan. We
8 estimate that this reform could mean as much
9 as a million more tons of both wheat and corn
10 exports.

11 The bottom line is that we are
12 fighting for the increase of American
13 agriculture on a number of fronts in an
14 international trade arena, and the meeting in
15 Seattle later this year and the next round of
16 negotiations are just one part of a multi-
17 pronged agriculture trade strategy.

18 Let me close with just one thought,
19 because, you know, you'd have to be away from
20 the planet earth if you didn't know what was
21 happening in farm country. Notwithstanding

22 our interest in trade, trade is not the only
23 leg of our safety net. It's an important part
24 of our safety net because over the long term,
25 if we can't sell to the rest of the world,

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1 then we will create untold surpluses in our
2 country. The 1996 Farm Bill was written in
3 the belief that world demand for agriculture
4 products will go up continuously and there
5 probably wouldn't be the cycles that we've
6 always faced before. The 1996 Farm Bill,
7 while it had some very good parts, does not
8 provide an adequate safety net when the
9 world's supplies are high and the demand is
10 down. And this is the fourth year of record
11 worldwide grain production. This is most
12 unusual to have four years in a row of record
13 production, and at the same time as we've had
14 soft international demand largely because of
15 recession overseas, particularly in Asia and
16 Latin America. And as I said, the Farm Bill
17 does not deal with that issue in a way that
18 provides for countercyclical relief when times
19 are bad. In my judgment, that Farm Bill will
20 have to be modified to deal with those
21 particular problems that we're facing today.

22 In the short term, however, we will need an
23 assistance package that I hope the Congress
24 and Administration can work in a bipartisan
25 way in order to provide the kind of resources

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1 that are necessary to keep farmers alive
2 during times of very, very weak prices. In
3 the longer term, we have to do a much better
4 job of protecting farm income, particularly
5 during down markets. So it will require us to
6 look structurally at the 1996 Farm Bill
7 recognizing that it was not written on Mount
8 Sinai, it is not the Holy Grail, and it can be
9 modified without necessarily throwing the
10 whole thing out because there are some very
11 good provisions on conservation and research
12 and other items in there that are very, very
13 good. And farmers by and large like the
14 flexibility provisions in that bill.

15 So the purpose today is not
16 necessarily to go over what structural changes
17 over the long term; it is to recognize that
18 agriculture, is in many parts of this country,
19 in very deep trouble. There will need to be
20 some short-term relief and it cannot be done
21 on the cheap. And working with Congress and

22 the Administration on a bipartisan basis, I am

23 confident that we will be able to get that

24 done this year.

25 In the longer term, however, I do

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1 believe that there needs to be some structural
2 changes in the basic farm policy as well as a
3 much more focused view on issues like
4 concentration and other things affecting
5 prices. But over the very long term, the
6 answer is to ensure that America's farmers and
7 ranchers have access to the world markets and
8 those world markets are fair. And the golden
9 rule applies, and that is we are treated
10 overseas the same way that we treat others,
11 and if we, in fact, go down that road towards
12 the golden rule, I think that farmers and
13 ranchers will have a much better future than
14 they have had in the past. I look forward to
15 your views and thoughts in the dialogue that
16 we are going through here as well as the
17 dialogue that we have gone through during
18 other sessions. Thank you all very much, and
19 thank you, Secretary Judge, for inviting us
20 here.

21 SECRETARY JUDGE: Thank you,

22 Secretary Glickman. Before I go any further,
23 I want to take a moment to recognize someone
24 that I didn't recognize earlier and that I
25 have to recognize or I would never forgive

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1 myself, and that is the retired dean of the
2 Iowa Congressional Delegation has joined us
3 today, and we are very pleased that you are
4 here. Neil Smith, would you please stand?
5 Let's give him a hand. To us Iowans, Neil is
6 the Dean, and he has given most everyone from
7 Iowa that you will see up here today a lot of
8 wise counsel through the years. We
9 appreciate you taking time to join us today.

10 The next speaker that will have some
11 remarks for us today is U.S. Trade Ambassador
12 Peter Scher. Peter, it's all yours.

13 AMBASSADOR SCHER: Secretary Judge,
14 thank you very much. It is a pleasure to be
15 here with you and Governor Vilsack and
16 Secretary Glickman and other colleagues from
17 the Administration. I'm particularly
18 pleased to be here with Senator Grassley.
19 Usually when I'm testifying for Senator
20 Grassley, there's one of those little gadgets
21 with the lights to tell me when to shut up.

22 So now I guess if I talk too long, he can just
23 scream out and tell me "enough". But I am
24 pleased to be here with the Senator who, I
25 think as all of you know, plays such an

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1 important role not only in agriculture but as
2 the Chairman of the International Trade
3 Subcommittee he plays a very significant role.
4 Congressman Boswell is a member of the House
5 Agriculture Committee. I also wanted to
6 acknowledge some of the others that also play
7 a very important role. Senator Harkin who is
8 the ranking Democratic member of the U.S.
9 Senate Agriculture Committee and has been an
10 active voice on the issues on behalf of Iowa.
11 This is a listening session, so I want to do
12 something that people in Washington have a
13 tough time doing, and that is be brief so we
14 can spend most of our time hearing from you.
15 But I would like to begin just with some brief
16 remarks about the principles of our
17 agricultural trade policy and the
18 Administration's view of the next round of
19 world trade negotiations which will begin
20 later this year in Seattle, Washington.
21 To begin with, our trade priorities

22 rest on a few basic principles; opportunity,
23 fairness, and respect for science. First as
24 all of you know, America's farmers are the
25 world's most highly competitive, technically

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1 advanced in the world. And because of this,
2 we produce far more than we can ever eat, and
3 this means we have to create the opportunity
4 to export to the 96 percent of the world's
5 consumers who live outside our borders. As I
6 was listening to CNN this morning in the
7 hotel, they said there's going to be an event
8 today in Washington to note the fact that in
9 just three months there will be 6 billion
10 people inhabiting the planet. I mean, this is
11 a message that we have to hear because the
12 world's population is growing and ours is not.
13 So to survive, to prosper in the years ahead,
14 we have to have access to the markets
15 overseas. And agricultural producers and
16 families depend not only on the trade
17 agreements that Secretary Glickman and
18 Ambassador Barshefsky and our teams work so
19 hard to reach, but also on strict enforcement
20 of those agreements. We have a notion in this
21 country that when you make a deal, a deal is a

22 deal. Not every country acts that way. So we
23 have to spend a lot of our time ensuring the
24 countries meet commitments. We have to spend
25 a lot of time ensuring that exporters and

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1 consumers alike can have a science-based food
2 inspection regime to ensure confidence in the
3 food supply, to ensure that foreign countries
4 are not using phony science as new trade
5 barriers. And these have been some of the
6 fundamental goals we have pursued over the
7 last six years.

8 Most fundamental to those goals has
9 been the establishment of the World Trade
10 Organization. For the first time we created a
11 set of international principles to ensure open
12 markets and fairer treatment. I don't want to
13 say "fair treatment". I want to say "fairer
14 treatment" for American agriculture. This was
15 50 years in the making. Finally in 1994 the
16 world agreed that agriculture, like all the
17 other sectors of our economies, should be
18 treated under the rules of the World Trade
19 Organization. And this has helped us. It has
20 raised incomes, it has created jobs, it has
21 promoted American values overseas, and the

22 results have been very good. We have been
23 able to cut tax. We have been able to cut
24 export subsidies. We have been able to open
25 up new markets. We want consensus on health

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1 and food safety standards that those should be
2 based on science and not on politics, and we
3 have created new markets for our goods. At
4 the same time, as Secretary Glickman
5 mentioned, we have created a strong
6 enforcement mechanism in the WTO to ensure
7 that when countries are not meeting their
8 obligations, we have a mechanism to address
9 that.

10 The United States has been the most
11 aggressive utilizer of this system. We have
12 brought more cases than any other country in
13 the world. Of our 22 cases, we have succeeded
14 in 20 of them. I think there are probably a
15 few lawyers in here. That's not a bad track
16 record so far. And half of those have been
17 related to agriculture. We have addressed
18 fruit sales to Japan, pork in the Philippines,
19 dairy in Canada, and two of the cases that
20 Secretary Glickman mentioned with the European
21 Union, first bananas and now today we expect

22 the World Trade Organization to authorize to
23 impose significant penalties, over a hundred
24 million dollars we expect for the Europeans'
25 failure to open their market to our

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1 American-produced beef. And these penalties
2 will remain in place until the EU agrees to
3 lift this unauthorized, unjustified, and
4 illegal ban.

5 These examples, and I want to add
6 to those, as Secretary Glickman mentioned our
7 recent agreement with China. The bilateral
8 rule we call sanitary and phytosanitary
9 agreement where China agreed after nearly 30
10 years to lift its ban on much of our wheat, to
11 lift its ban on citrus, to lift its ban on
12 beef and pork and poultry. When combined with
13 the cuts in tariffs China has agreed to in
14 agriculture upon the recession to the WTO,
15 this will mean a significant increase in
16 access for U.S. producers. China represents
17 nearly one-quarter of the world's population.
18 They have less than 7 percent of the world's
19 land. If we can bring China into the rules of
20 the World Trading System, if we can open the
21 market, we will help create prosperity for

22 America's farmers.

23 Let me say as we look towards the

24 next round and we look to the issues that we

25 face, the reason that President Clinton called

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1 for a new round was to try to go the last
2 mile, to try to get to the rest of these
3 issues, and this will be the next major step
4 in international trade policy setting the
5 world agenda for the years ahead, and as I
6 said, it will begin in the United States later
7 this year. Agricultural issues themselves
8 will be at the heart of the agenda. We'll
9 deal with services, we'll deal with industrial
10 patents and with many other products. But let
11 me tell you. Agriculture will be at the heart
12 of that agenda. And last year when we went to
13 Geneva, in fact our Secretary of Agriculture
14 Dan Glickman was co-chairing our delegation to
15 the WTO talks, sent a very powerful message to
16 the rest of the world that we mean business,
17 and we expect to make progress. Vice
18 President Gore said just recently our economy
19 depends on the fully productive and
20 competitive agriculture, and this round is our
21 single biggest opportunity in trade policy to

22 make sure American agriculture remains the

23 world's standard.

24 Our general goals right now, reduce

25 tariffs and other barriers to our products

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1 overseas; promote fair trade by eliminating
2 foreign subsidies and reducing trade-
3 distorting domestic supports; ensure greater
4 transparency and fairness in state trading;
5 help to ensure that farmers can use safe,
6 modern technologies and particularly
7 biotechnology without fear of trade
8 discrimination; and also ensure, as Secretary
9 Glickman referenced, that recent decisions
10 that American producers have access to
11 effective remedies against dumping, against
12 subsidies, and against import surges from
13 other countries.

14 As we prepare for this war, the most
15 important element of our preparation is
16 listening. We need to make sure that the
17 things that we negotiate are the things that
18 will help you, and that is why we are here
19 today to listen to you, to hear, to understand
20 firsthand the problems that you see in
21 international trade and to agree on the major

22 opportunities we should hope to realize. With
23 the right objectives and with successful
24 negotiation, we can ensure secure access for
25 America's farm and ranch families for years to

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1 come. We can raise living standards for
2 American farm and ranch families. We can
3 ensure good prices and healthy food for
4 consumers, and we can help to realize the
5 broader humanitarian vision of a world free
6 from hunger and with stronger protection for
7 land and water and wildlife. It is a great
8 opportunity for our producers. Secretary
9 Judge and Governor Vilsack, I'm honored and
10 pleased to be here, and I look forward to
11 listening and hearing from the people of Iowa.
12 Thank you very much.

13 SECRETARY JUDGE: Thank you, Peter
14 Scher. It is now my honor to introduce to you
15 United States Senator Charles Grassley.
16 Senator Grassley.

17 SENATOR GRASSLEY: Thank you,
18 Secretary Judge. Governor Vilsack, Secretary
19 Glickman, Congressman Boswell, Congressman
20 Smith, and distinguished legislators from the
21 three states present here today. First of

22 all, I want to say probably that Des Moines
23 welcomes this event in a major agriculture
24 producing state, and I thank Secretary
25 Glickman and Ambassador Barshefsky for these

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1 hearings around the United States and
2 particularly for including Des Moines, and, of
3 course, to Secretary Judge for the hard work
4 that she went through coordinating this
5 effort.

6 Overall, of course, the American
7 economy is doing well. It is the envy of the
8 world. Wall Street is booming. Stock funds
9 are awash with cash with record-breaking years
10 for a lot of companies. And when you look at
11 the economy as a whole, everything besides
12 Wall Street, things are not as good as they
13 are on Wall Street. In fact, in the
14 nonfinancial economy, it is growing a lot less
15 rapidly than it did even in the 1980s. And
16 right here in Iowa, of course, the
17 agricultural economy is a disaster for the
18 last 18 months, and within the last month, the
19 greatest of disasters. There is something, of
20 course, that we can do about it. I want to
21 suggest two things, and these are long-term,

22 not to think in terms of just helping the
23 immediate lack of productivity in agriculture,
24 but connected very closely with the long-term
25 productivity of agriculture. And one is the

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1 President's authority to negotiate trade
2 agreements, and the second point I would make
3 would be in regard to the Chinese trade
4 agreement just negotiated.

5 First we have to restore the
6 President's trade negotiating authority
7 immediately, if not sooner. This authority
8 allows the President, as you know, to
9 negotiate an end to unfair trade barriers
10 imposed by foreign governments so that more
11 Iowa products can be sold. Iowa depends, of
12 course, on trade. Last year Iowa exported
13 \$296 million worth of food. If existing trade
14 barriers were reduced, we could sell lots
15 more. Iowa's economy, particularly the
16 agricultural producers, are the most efficient
17 in the world, but they can't compete when
18 protection of trade policies keep our goods
19 out of lucrative foreign markets.

20 In less than five months we will ask
21 133 nations to follow our lead in liberalizing

22 world trade at that Seattle WTO ministerial.
23 But when the President sends his trade team to
24 the bargaining table, the team will not be
25 able to have the trade negotiating authority

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1 that they need in which it would encourage
2 other countries of the 133 to sign binding
3 agreements. Even though the new world trade
4 talks are right around the corner, the
5 President has not had that authority. Yes,
6 other trade negotiations over the last 50
7 years have started without the President
8 having this authority at the beginning of the
9 talks and were successfully completed. But
10 everyone seemed to know then that the
11 negotiations would be approved and that the
12 President would have the authority for final
13 approval. We do not have the same assurances
14 today. Efforts to win negotiating authority
15 have failed twice already. We need one big
16 additional push from the President to get this
17 job done through the Congress. A third failed
18 attempt would be a disaster for America's
19 leadership in the world trade community.

20 It was our leadership that helped
21 provide tariff reduction starting in 1947. It

22 was our leadership that resulted in 45,000
23 tariff concessions affecting one-fifth of
24 world trade in that very first round 50 years
25 ago. And it was our leadership that increased

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1 the value of world exports from \$50 billion in
2 1947 to \$7 trillion today. But I'm sorry to
3 say that for the first time since 1947, the
4 U.S. leadership that produced these stunning
5 results is in serious doubt as far as 133
6 countries that will sit across the table from
7 us because Congress hasn't given this
8 authority yet. Chile got tired of waiting for
9 the President to have this authority, so it
10 signed a favorable trade deal with Mexico and
11 Canada. As a result, American firms have lost
12 over \$500 million per year of trade
13 opportunities. And as Chile has signed free
14 trade agreements with other nations but not
15 with the United States, the increase in
16 imports of U.S. products has slowed to
17 43 percent, the jump that we had in 1995.

18 So there is a price to be paid to
19 U.S. workers and U.S. farmers when the United
20 States is not at the table with the authority
21 to sign agreements. In December of '94,

22 President Clinton spoke very well about the
23 need for such a free trade agreement for the
24 entire western hemisphere, and such an
25 agreement would also lower tariffs to the

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1 benefit of the United States. We have seen a
2 41 percent increase in Iowa's exports to
3 Mexico just since NAFTA was signed. I hear a
4 message that we ought to be at the table from
5 ambassadors who come to my office frequently
6 and a reluctance on their part to consider the
7 United States serious about negotiating
8 without the President having that authority.
9 We have too much to negotiate for, and we have
10 a lot to lose when we aren't represented
11 there, and so I hope that we can get the votes
12 in the Congress in the United States to do
13 this.

14 I think the lessons are clear from
15 this. The United States over the last 50
16 years has had an awful lot to say about free
17 trade, and that is very important. But what
18 we actually do about free trade is really
19 crucial. We cannot hope to shape the world
20 trade agenda without being a part of that at
21 the table.

22 The second suggestion that I want to
23 make to this conference is about the China
24 agreement. Ambassador Barshefsky just
25 negotiated an exceptionally good market access

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1 treaty with China. For Iowa's agricultural
2 products it was, in fact, a home run. The
3 deal would have dismantled most of the trade
4 barriers that closed China's markets to Iowa
5 farmers, especially to Iowa pork and soybean
6 producers. For example, China's current 30 to
7 40 percent tariffs on pork and its arbitrary
8 and unfair sanitary standards keep most Iowa
9 pork from China. But under the terms of the
10 market access deal negotiated by Ambassador
11 Barshefsky, tariffs on pork would have been
12 reduced to 12 percent. The rate would have
13 been bound. It would never go higher, and the
14 sanitary and phytosanitary standards would not
15 be used as a trade barrier. Unfortunately,
16 the reasons are hard to understand, but this
17 was not accepted at the last minute and this
18 was a mistake, and I hope that for the benefit
19 of our trade aspects with China being one of
20 two things. In or outside of the WTO and
21 better inside the WTO, China is going to be

22 either our most and best opportunity for trade
23 and markets or it's going to be our biggest
24 competitor. And China, with this agricultural
25 agreement that it signed with us, indicates

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1 that they want to be a player and a fair and
2 free trader as well.

3 So my advice is that we should,
4 number one, give the President the authority
5 to negotiate because there have been 24
6 agreements negotiated somewhere in the world
7 that the United States was not at the table
8 and our interests were not being looked out
9 for. And the world is not going to stand by
10 while the United States Congress decides
11 should the President have the authority or
12 not. And U.S. leadership has been successful
13 in this 50 years, and it ought to continue in
14 that way.

15 Secondly, this is a wonderful
16 opportunity with China. I hope we do not lose
17 it and can move ahead in that agreement.
18 Thank you all very much for your
19 participation.

20 SECRETARY JUDGE: Thank you,
21 Senator. We know that Senator Grassley,

22 Congressman Boswell, and the Governor have all
23 got busy agendas, and, in fact, the Congressman
24 and the Senator are going to have to fly back
25 this morning to Washington, D.C. The Governor

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1 has other commitments also this morning, so we
2 want you folks to feel free to leave at
3 whatever time you have to leave to catch
4 planes or to make other appointments. And
5 finally and certainly not least, my friend,
6 United States Congressman Leonard Boswell.

7 CONGRESSMAN BOSWELL: Well, thank
8 you very much. Thank you very much, Madam
9 Secretary. I am still kind of practicing on
10 saying "Madam Secretary". It still feels good,
11 and I appreciate the fact that she has a
12 tender remark for this senator. I know Dan
13 very well too. Another person in the crowd
14 that I just noticed that is with Congressman
15 Neil Smith is his son Doug, and I don't know
16 if he's still here. A very special person in
17 the crowd, my wife Dodi, my partner in this
18 life's experience that we have gone through,
19 and so I'd like to point out that she's here
20 today along with David Stein is here in the
21 crowd. So Governor, we're happy to be here,

22 and you always told me you had to go, and I
23 probably embarrassed you by saying you
24 had --
25 GOVERNOR VILSACK: I'm going to

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1 stay.

2 CONGRESSMAN BOSWELL: You're going

3 to stay? I served with the Governor for four

4 years in the Iowa Senate, and I am very, very,

5 proud of the work he's doing and the

6 commitment to agriculture. So Mr. Secretary,

7 Ambassador, and the rest of you distinguished

8 folks, it's just great to have you here.

9 Thank you for coming, and Dan, you've come

10 before many times, and I know you'll come

11 again, and I know of your commitment to

12 agriculture. And I want to thank everybody

13 that's put this together as we prepare to go

14 into this next round of WTO negotiations. I

15 want to talk a little bit about that, but I

16 can tell you -- and as you already know, the

17 people in this audience today -- some of the

18 farmers and producers that we have here are

19 going to share some pretty heart-felt

20 situations, and I'll touch on it. I can tell

21 you this, and maybe that's why a lot of us do

22 what we do, but night after night I wake up
23 thinking about an individual in southern Iowa,
24 a fine young man, well-educated, doing
25 everything with all those good techniques he

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1 learned at our great University of Iowa
2 State, working hard, has borrowed some money
3 for some land, has borrowed some money for
4 machinery. We've all done that. And to size
5 up his operation, he's went out and leased
6 some land and works his butt off, and he can't
7 make it, and that's not right. That's not
8 right for him, our state, or our country.

9 I know another family that's just
10 getting ready to graduate their two sons from
11 high school, and they want to go into
12 agriculture. And so after much, much study
13 and preparation and just checking with
14 everybody, very carefully they sized up his
15 operation and now with the prices we got
16 today, he doesn't even know if he's going to
17 hang on to the farm let alone make an opening
18 for someone else to join in. And that causes
19 me to walk the floor, as it does some of you.

20 It woke me up last night and the night before
21 and the night before that. And just two days

22 ago -- when I mentioned it last night over the
23 holiday, I went to a county fair a couple days
24 ago, as I walked out through the livestock
25 barns, there was a farmer cleaning out a pen.

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1 I saw his youngster out washing a calf. He
2 was getting ready. I'd guess him to be in his
3 early 50s. I stood there for a moment and he
4 turned around and he set his fork down, and I
5 said if you live around here, I'm your
6 congressman. He said I know who you are. And
7 I knew right then that I was going to get it.
8 But you know, I understand. My partner will
9 verify this and so will my banker because we
10 went through the '80s, we came that close
11 (indicating) to being put in the street. I
12 understand. So I was able to stand there and
13 listen and try to join in. This man said
14 nothing was given to me. He said, I had good
15 health and a good job. He said, my dad told
16 me work hard and I'd be successful, and he
17 said, I've worked hard, and I put a pretty
18 nice operation together, and I'm proud of it,
19 and I still work hard. I've educated a couple
20 of kids, and I'm thinking in terms of now I've
21 got some equity here and have the opportunity

22 to retire and do a little travel and so on, he
23 said, it's falling around my shoulders. My
24 equity is getting away from me. So I may have
25 nothing. And I don't know what I've done

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1 wrong. Well, I can tell you, my heart was
2 right down around my heels as I walked to the
3 car.

4 So we come today to talk about world
5 trade. It's terribly important to us.
6 Senator Grassley has said the things that are
7 very, very important, and I agree. But we
8 need to have fast track. We need to be at the
9 table. We're going to the table. We need to
10 go over there with full authority. So
11 Ambassador, I hope and trust we can get there.
12 I'll share a little bit more frustration.

13 This Secretary of Agriculture came to our ag
14 committee last year, and whatever it was, he
15 gets beckoned on a regular basis and somebody
16 said how come you're not pushing fast track.
17 He's pushing fast track. He said this
18 committee can't even agree on it.

19 And I fell back to a couple years
20 ago when I was walking over to the capitol
21 with Chairman Smith and The Hill, one of the

22 papers, says that (inaudible) house
23 agricultural committee of 50 members said that
24 there was only 13 that were supporting fast
25 track. And I said to Bob, I said, it cannot

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1 be true. And he said, I think it's off. He
2 said, I think there's only 12. And so there's
3 some real problems there, and you think about
4 the farmers around the Canadian border and out
5 in California and Florida and so on. There's
6 some things that has to be worked out. We
7 need fast track authority. And just to make
8 it a wee bit better, when it comes up for a
9 vote, this Congressman's voting for it. A lot
10 of people came up to me and asked why are we
11 holding this meeting in Des Moines today when
12 there's other things more important than
13 agricultural to do. Aren't there more
14 important things to do? Let me affirm. This
15 is important. This is extremely important.

16 Now, this hearing and the upcoming
17 Seattle Round of the WTO are critical to our
18 success of our family farmers, and it couldn't
19 be more timely. The goals for American
20 agricultural this round are clear. We must
21 expand and improve market access to

- 22 agricultural products. We must eliminate
- 23 unfair exports subsidies, and we must tighten
- 24 (inaudible) from domestic support. I agree.
- 25 We have to come up with a substantial infusion

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1 this year, and I know our Secretary
2 understands that and a lot of us do. I
3 certainly do. We have to do it on the short
4 term. 5.9 billion, that's not pocket change
5 we did last October. But we need to do
6 something similar and probably more sometime
7 during this year as far as American farmers
8 and producers, and I'll be very supportive of
9 that. But we need solutions.

10 The negotiations we are about to
11 take place in are vitally important, and since
12 the hearing will deal with the strategy the
13 U.S. will pursue with these negotiations, let
14 me make one suggestion. If there are ways
15 from our trading partners to reduce
16 agricultural tariffs and subsidies before the
17 Seattle Round nears its conclusion, I suggest
18 that we make it clear, that we make it clear
19 that agriculture is a U.S. priority that must
20 be addressed first. We should not allow our
21 trade partners to reach agreements with other

22 sectors of trade without making a deal on
23 agriculture.
24 The benefits of these negotiations
25 are clear. One needs to look no further than

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1 the remarkable achievements of some of the
2 other negotiations of the WTO for trade and
3 industrial goods which is vitally important to
4 see how important this round of negotiations
5 could be to our agriculture program.

6 Since the end of World War II, eight
7 rounds of negotiations, if I understand it
8 correctly, have reduced the average
9 bound tariff on industrial goods from 40
10 percent to about 4. He agrees. Meanwhile,
11 bound agricultural tariffs are being very,
12 very high. That's not right. And we have got
13 to do that. We have got to give the man the
14 tools as well. So Iowa breeders are currently
15 suffering from the worse possible commodity
16 prices in decades. These prices are due in
17 large -- and as the Secretary told us even
18 worse than about four months ago. He said
19 unprecedented overproduction. He sent his
20 people off to sell in Europe or wherever and
21 they walk up to them on the streets

22 (inaudible), and they say, well, excuse me.
23 We want to sell to you. And so we've got a
24 real predicament which makes it very, very
25 hard, and I don't understand that. But that's

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1 one of the factors. But it's ridiculous that
2 we reward producers -- that the reward
3 producers receive for becoming more and more
4 efficient is to be put out of business. So
5 opening markets and assuring fair trade among
6 our partners will be a great step to meet our
7 needs.

8 In closing I'd just like to say that
9 there are many areas of agricultural trade
10 that will be discussed during these
11 negotiations, particularly in biotechnology.
12 In a May 1998 WTO statement the President also
13 addressed the need to develop regulations
14 rooted in science during the negotiations. I
15 could not agree more. And whether we clarify
16 existing rules or agree to new rules for
17 biotech, our opponents will attempt to expand
18 those rules to allow for measures that are not
19 based on science, and that is unacceptable.
20 On this point we must remain united. The WTO
21 member countries must continue to base

22 regulations on scientific principles and a
23 science-based assessment of risk. Scare
24 tactics and other arguments of regulators
25 based on fear are just unacceptable.

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1 Now, I would like to say that our
2 Governor Tom Vilsack, which I appreciate very
3 much, and he stayed to listen to me a few too
4 many times in the past, but I appreciate him,
5 but he wants Iowa to be the food capital of
6 the world. And why not? We are blessed with
7 25 percent, I understand, of the world's
8 topsoil, the best there can be. In some
9 places in this state we measure topsoil in
10 inches, but there are a lot of places in this
11 state we measure it in feet. And if the good
12 Lord has given it to us, why wouldn't we
13 expect to be the food capital of the world.

14 The upcoming round of negotiations
15 will go on to make that reality. And I
16 challenge our negotiators to make agriculture
17 the top priority. So thank you,
18 Mr. Secretary. Thank you, Ambassador Scher,
19 for coming to Iowa. I look forward to working
20 with you. I know you've got your heart in the
21 right place. We cannot fail. We have to

22 succeed. Thank you.

23 **SECRETARY JUDGE:** Thank you very

24 much. Now, the schedule says that you are

25 going to hear an overview in agriculture in

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1 Iowa from me followed by overviews from
2 directors in Kansas and Missouri, so we will
3 proceed along that vein and try to keep
4 ourselves as close on task as we can. When we
5 are through with our overviews, I am going to
6 turn this microphone back over to Mike Blouin,
7 and I'm going to sit and assume the role of a
8 listener. So Mike, after the three of us are
9 complete, we will let you take it away.

10 I want to again thank the foreign
11 agricultural service for selecting Iowa as one
12 of the 11 sites for these World Trade
13 Organization listening sessions. It is
14 appropriate that the session's being held here
15 because Iowa's livelihood has been in the
16 past, is now, and folks, it will be in the
17 future about agriculture. It's remarkable
18 when we think how far agriculture has come in
19 this century, and it's even more remarkable
20 when we think how far technological advances
21 are going to take us in the next millennium.

22 However, today many Iowa farmers see the
23 future as being very bleak.

24 Major commodities in Iowa have been
25 witnessing prices falling under the cost of

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1 production. Why is this happening? It is
2 surely not because Iowa farmers are doing a
3 poor job. On the contrary. Iowa farmers are
4 doing what they do best, and that is to
5 produce. We have the richest soil in the
6 nation and an abundance of water. It's not a
7 matter to us of how much can be produced.
8 It's a matter of being able to get rid of that
9 product.

10 We must expand our markets for
11 agricultural products, and we have to do that
12 on a global level. For Iowa farmers to
13 interact in the global marketplace, they must
14 be allowed to compete on a level playing
15 field, and that means fair access to markets.
16 In November, as you have heard, many of us
17 will be attending the Seattle Trade Round, and
18 we hope that agriculture will have top
19 priority. These trade rounds are important.
20 We did witness gains in Iowa because of the
21 Uruguay Round which was completed in 1994.

- 22 Japan increased its quota for feed corn, South
- 23 Korea lowered tariffs on popcorn as well as
- 24 animal feed, Indonesia agreed to eliminate
- 25 blending requirements for soybean oil, and the

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1 pork industry saw tariffs reduced in Japan and
2 South Korea. But there is a lot more work to
3 be done.

4 Agricultural tariffs, as you have
5 heard many times already this morning, remain
6 above the industrial sector. Artificial
7 barriers to trade prohibit the free flow of
8 our products. If we are to keep family
9 farmers in Iowa raising corn, beans, hogs, and
10 cattle, we have got to lower those barriers.

11 I ask the World Trade Organization
12 to immediately consider issues of trade
13 involving genetically-modified organisms, farm
14 export subsidies, and removal of trade
15 barriers that are not based on sound science.

16 It is imperative that the issue of
17 genetically-modified organisms is addressed.
18 Trade negotiators must insist that the market
19 for these products be controlled not by
20 propaganda and hysteria, but by sound
21 scientific evidence. A recent issue of The

- 22 Economist stated, hostility to the genetic
- 23 modification of crops risks slowing down the
- 24 development of a potentially important
- 25 technology which is why more must be done to

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1 reassure potential consumers. I concur with
2 that statement wholeheartedly.

3 The opening of markets for American
4 GMO products must be our primary goal. Trade
5 negotiators in Seattle must also address the
6 issue of European export subsidies. Iowa
7 producers cannot compete with heavily
8 subsidized European producers. Therefore, in
9 order to level the playing field, European
10 export subsidies must be reduced to an
11 equitable level and ultimately eliminated.

12 Agricultural trade can no longer
13 take a back seat to other export items. The
14 U.S. will soon issue final retaliation in the
15 hormone case, as you have heard from
16 Ambassador Scher this morning. I encourage
17 the WTO as well as the USTR to make livestock,
18 particularly the pork industry, the
19 centerpiece of any such retaliation. As a
20 result of restrictive trade measures which
21 affect U.S. pork, beef, and poultry bound for

22 the European Union, there has been a complete
23 cutoff of U.S. poultry exports and a severe
24 reduction of pork and nonhormone beef exports.
25 Such retaliation would help our struggling

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1 Iowa livestock producers to tap into the EU
2 market which has been basically inaccessible.
3 Our pork producers in particular need help
4 now, and let us use that opportunity to assist
5 them.

6 How important is agriculture and
7 trade to Iowa? Well, I'm going to share some
8 quick Iowa facts with you. I love these quick
9 facts. My staff will tell you. This is just
10 two or three things about Iowa. 12.5 million
11 acres of corn planted last year in Iowa.
12 12.2 million harvested for grain. 1.7 billion
13 bushels of corn harvested. 10.5 million acres
14 of soybeans planted. 18.2 percent or
15 501 million bushels of soybeans in Iowa last
16 year. 39,000 Iowa farms have 3.65 million
17 cattle of which 1.2 million are calves. Over
18 a million cattle were finished in Iowa last
19 year for slaughter. 24 percent or 15.3
20 million head of the nation's hogs and pigs
21 were on Iowa's farms last December. Iowa

22 leads the nation in corn, in soybeans, and in
23 pork production. Unfortunately we have to
24 take a back seat to you in cattle. Meat
25 packing plants in Iowa produce 6.2 billion

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1 pounds -- billion with a B -- billion pounds
2 of red meat in 1998. Here's one for the
3 poultry industry. Nearly 25 million layers
4 now reside in this state making us the third
5 largest producer of eggs, and sales of Iowa
6 crop and livestock produced receipts of more
7 than \$11 billion last year. Only California
8 and Texas had more. So we are definitely
9 about Iowa.

10 As you can see from that production,
11 Iowa is an export and must be an export state.
12 We export roughly from Iowa 8 percent of all
13 agricultural products, and those exports are
14 estimated at 4.1 billion. That's close to
15 55,000 jobs, both on the farm and off the
16 farm. And right now as you have heard
17 repeatedly this morning and I'm sure you're
18 going to hear the rest of the day, we are
19 engaged in a struggle for our very financial
20 lives. I believe that wholeheartedly. The
21 actions that are taken in this state in the

22 next few months will determine the future of
23 agriculture for a long time in Iowa. We are
24 depending on quick action to increase market
25 opportunity, and we have a chance to make a

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1 significant difference in Iowa's agricultural
2 future through development of global markets.
3 We must not lose that opportunity. Again,
4 thank you for being here. And I will turn the
5 microphone over to Kansas.

6 MS. STATTELMAN: Thank you,
7 Secretary Judge. Also thank you, Secretary
8 Glickman and Peter Scher, for putting this
9 forum together. I am Mary Jane Stattelman.
10 I'm the acting Secretary for the Kansas
11 Department of Ag, and I'm very pleased to be
12 here to try and express some of the concerns
13 that Kansas has, and I'm sure that the bulk of
14 this crowd understands the concerns that I'm
15 going to now share with you.

16 Every Kansas farmer and rancher is
17 directly affected by world trade or the lack
18 of it right now. The crafting of an equitable
19 world trade policy can make or break Kansas
20 agriculture. Our state is gifted with
21 resources which allow us to produce much more

22 than we can consume at home. Exports are a
23 necessity. We consistently rank fifth or
24 sixth among the 50 states in ag exports. In
25 1997, these exports were worth 2.7 billion.

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1 However, the declining world economy and lack
2 of exports had a direct affect on farm prices.
3 And the affects do not stop at the farm gates.
4 Ag exports support approximately 34,000 jobs
5 in Kansas, both on farm and food processing.
6 The percentage for cash receipts attributed to
7 agriculture has risen from 26 percent to 29
8 percent since 1991.

9 To illustrate the importance of
10 trade, I'd like to review some of Kansas' top
11 exports. Live animals and red meat are worth
12 more than \$600 million. Feed grains and feed
13 products worth 600 million. Wheat and wheat
14 products, 500 million. Soybeans, 300 million.
15 Hides and skins, 283 million. The sheer
16 volume of our production requires fair trade
17 and access to market.

18 To kind of illustrate this point,
19 during this past decade the total U.S. wheat
20 exports have averaged 1.1 billion bushels per
21 year. Kansas alone could make up 50 percent

22 of that national wheat export. When our state
23 alone can meet half of the total export, that
24 means we have some movement that is needed to
25 be done to export all of the rest of the

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1 crops.

2 With this in mind, it's obvious
3 there are several areas of concern for Kansas.
4 Included among them are the European Union's
5 use of export subsidies, the actions of the
6 monopoly marketing boards, and the questions
7 regarding U.S. trading partner's compliance
8 with current trade agreement obligations.

9 Negotiations should build on increased market
10 access, further reduce export subsidies,
11 continue the reform of internal supports, and
12 work to eliminate import restrictions that are
13 based on arbitrary and unsubstantiated health
14 and safety claims.

15 Equity is vitally important for
16 exports of our products. Measures taken
17 against our products or our trading partners
18 must be based on sound science. All nations
19 should be held to the same food and safety
20 requirements.

21 In conclusion, Kansas' unique

22 problem is our ability to produce vast
23 quantities that must be sold somewhere else.
24 That remains a priority for us. We're also
25 working to find value-added ag products and

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1 hope that these and our livestock products can
2 someday compete on a level playing field and
3 receive equal opportunity on a world market.

4 I thank you for your attention. I tried to
5 keep it brief because I understand that you
6 all are experiencing it on a day-to-day basis,
7 and I would like to hear what you have to say.

8 So once again, thank you for this opportunity
9 to appear before you on behalf of Kansas
10 Department of Ag and Kansas producers.

11 SECRETARY JUDGE: Thank you, Mary
12 Jane. And now the we'll hear from Missouri.

13 MR. SAUNDERS: Thank you, Secretary
14 Judge. I'm John Saunders, Director of the
15 Missouri Department of Agriculture, and I
16 would say at the outset I wanted to thank
17 Secretary Judge and her staff for helping to
18 put this forum together. I think we can see
19 the importance of it by the size of the crowd
20 and the representations of the states. I
21 would go on to say a big thank you to

22 Secretary Glickman and his staff.
23 Mr. Secretary, we work very closely with your
24 staff and FSA and FAS particularly and also
25 NRTS, and they've been very responsive, I can

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1 assure you, to the needs of our farmers in
2 Missouri.

3 I feel a little bit -- coming up
4 here and after listening to some of these
5 figures from Iowa and Kansas, I feel a little
6 like the two fourth-grade boys that were in my
7 sister's fourth grade class in King City,
8 Missouri this last spring. And the boys, as
9 young boys often do, their dads were both
10 farmers and they were talking about -- they
11 were in an argument about the size of their
12 farm, and well, this one kid had the advantage
13 on the other boy in almost in every category.

14 You know, my dad has a bigger tractor and my
15 dad has a bigger farm and a bigger truck, and
16 it just went on and on. So finally the one
17 boy, he knew he had an ace in the hole, and he
18 saved his zinger for the very last thing. He
19 knew he had to make a point. And his dad had
20 a farm, a large farm flock of ewes. And we
21 have many farm flocks in Missouri, and this

22 was in the spring of the year, and he said I
23 know one thing. I bet my dad's got more dead
24 sheep than your dad has.
25 So I really -- I'm trying to think

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1 of what my zinger will be about comparing
2 Missouri with Iowa and Kansas. I would
3 address two issues very briefly regarding farm
4 exports and agricultural exports. I would
5 like to mention the impact and the fairness
6 issue. I can talk in terms of percentages on
7 exports and the importance of them to Missouri
8 agriculture. In any given year, Missouri
9 exports about 26 to 30 percent of the total
10 product that's produced, and I think that
11 pretty much mirrors the U.S. average, and the
12 Secretary talked about that. Our domestic
13 market is pretty much flat. The economists
14 would call it a mature market, and so we
15 simply have to look to global trade as a
16 long-term and a short-term answer to some of
17 our problems that we have.

18 And then in the fairness issue, I'm
19 concerned about fairness, fairness for our
20 Missouri farmers because we've seen our
21 Missouri farmers and U.S. farmers readily

22 adopt new technology. Some of the products of
23 biotechnology have been readily accepted. I
24 don't have to tell you that. I'm sure that's
25 the case in Iowa and in Kansas as well. But

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1 I'm concerned, then, when the products -- when
2 the farm product gets to the global market, we
3 have some countries in the world who are
4 bad-mouthing those products and insisting upon
5 bans based upon fear mongering and not upon
6 science. So I think we have to look to
7 certainly to good science, and we need to
8 insist on that as the Secretary and Ambassador
9 Scher have done in this fairness issue.

10 Someone mentioned, and I don't know whether it
11 was the Secretary or the Ambassador mentioned
12 6 billion of the world's population is going
13 to reach that, I believe you said, this fall.
14 That's 96 percent of the world's population
15 lives outside of the U.S. So I think that's
16 another figure that tells us about the
17 importance of access to those world markets.

18 And when we look at it that way, you know,
19 that's a sign, I guess, the pot of gold at the
20 end of the rainbow. If we can access the
21 other 96 percent of the world's population, I

22 think that's going to be certainly a very
23 important leg of the stool that Secretary
24 Glickman mentioned.
25 So for these reasons, the impact as

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1 well as the fairness issue, I continue to
2 believe that the enhancement of current export
3 activities and the development of new and
4 emerging markets is one of the key components
5 of the profit potential for agriculture
6 regardless of whether we're from Missouri,
7 Kansas, or Iowa or any of the states in this
8 great nation.

9 Also I mentioned the fact that you
10 all are here. I would commend everyone for
11 your interest in this and certainly would
12 thank our Missouri delegation, both the
13 General Assembly members as well as officials
14 and agribusiness people who have come here
15 today to testify and be a part of this. So I
16 thank you all.

17 MR. BLOUIN: First, one announcement
18 to the media that might still be here. There
19 are interview availability opportunities for
20 all of our speakers today in the resource room
21 on the first floor of this building. I

22 believe it's up in the northeast corner of the
23 building. You can schedule those interviews
24 either by contacting someone at the front
25 table outside the entrance of the auditorium

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1 or by making a note on the door of the
2 resource room, whichever you think works best
3 for you. My job today is to try to keep us on
4 time and on topic. I haven't done very well
5 on the time side, but then they haven't let me
6 control it. As probably the only one not
7 elected here of the speakers and the only one
8 that doesn't have any intent to be elected, I
9 don't have to make any friends. So I'm going
10 to do my best to keep us on time even if we
11 step on a couple of toes in the process. My
12 understanding is the next part of our program,
13 in order to kind of set the stage for the
14 presentations, will be a slide show
15 presentation by the U.S. Department of
16 Agriculture. I have two agendas. One shows a
17 5-minute presentation and the other shows a
18 15-minute presentation. I don't know which
19 one we're going to get. The short version,
20 Dan assures me. And Tim Galvin of the USDA is
21 going to take us through that. Tim, it's all

22 yours, at least for the next 5 minutes.

23 MR. GALVIN: Thank you, Mr. Blouin.

24 I will keep it short. I also want to say

25 before we get started. I'm from Sioux City,

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1 so it's good to be here. I'd like to take
2 just a few minutes as he indicated at this
3 point to help set the stage for today's
4 hearing. I'd like to review the importance of
5 trade in agriculture, the role that previous
6 trade agreements are played (inaudible) for
7 agriculture, and our general goals for the
8 upcoming WTO rounds. Agriculture exports
9 support nearly 750,000 jobs. Production of
10 nearly one in three harvested acres is
11 destined for overseas markets. About 25
12 percent of agricultural sales are for exports,
13 compared with 10 percent on average for the
14 rest of the economy. As several speakers have
15 said, 96 percent of the world consumers are
16 outside of the U.S., so exports (inaudible)
17 the best way for farm income. Access to these
18 foreign markets is critical because the U.S.
19 agricultural sector is especially reliant on
20 export markets and this dependence
21 is likely to grow. Agriculture is already

22 more relying on exports than the economy as a
23 whole. U.S. agriculture exports climbed to a
24 record of nearly 60 billion in 1996 up from 40
25 billion at the beginning of the decade.

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1 Export value has declined the past two years
2 and likely will be down for 1999 as well due
3 to record crop production worldwide, the Asian
4 financial crisis, and a stronger dollar. We
5 project exports of 49 billion in the current
6 year despite an increase in export volume of 5
7 percent, an indication that continued low
8 commodity prices are holding down export
9 values as well. Because the 1996 Farm Bill
10 made agriculture even more dependent on market
11 returns, our export success is likely to be
12 found in those commodities where we have an
13 (inaudible) advantage. With certain
14 agricultural economies, such as cattle hides,
15 we're already exporting more than 50 percent
16 of production. Export sales over \$1 million
17 annually for a number of food and agricultural
18 products, especially those major bulk
19 commodities that the U.S. enjoys both
20 production and marketing advantages.
21 Another factor pointing to the

22 importance of exports to agriculture is the
23 close relationship between farm equity and
24 exports over the years. History shows that
25 when exports rise, so does farm equity and

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1 vice versa. Exports are projected to recover,
2 but with nearly 25 percent of the world's
3 economy outside of the U.S. in depression or
4 recession, that recovery is likely to be
5 gradual. However, there are some indications
6 that a turnaround is underway such as in South
7 Korea, for example. The key is expanding
8 export markets and increasing our access to
9 customers outside the United States through
10 trade agreements. Both the URTA and NAFTA
11 agreements have help to expand trade over the
12 past five years. Soon after the
13 implementation of the Uruguay Round, U.S.
14 agriculture exports reached a record high.
15 But, of course, many factors were behind that
16 performance, and as this slide makes clear,
17 exchange rates have a huge influence on export
18 levels, but almost all economists agree that
19 lowering trade barriers through trade
20 agreements has helped to increase trade.
21 Imports continue to grow as well.

- 22 But agricultural's positive net trade balance
- 23 remains large even though it too has narrowed
- 24 in recent years. It is estimated by the year
- 25 2005 agricultural exports will be about \$5

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1 billion more annually than they would have
2 been without the Uruguay Round Agreement.
3 Other trade agreements have produced
4 similar benefits. For example, it's estimated
5 that in 1994 we sold \$1.3 billion more beef
6 and citrus to Japan because the agreement we
7 negotiated with that country on those two
8 commodities. The NAFTA agreement has also had
9 an impact. Our NAFTA partners, Canada and
10 Mexico, have become more important
11 destinations to U.S. products, now accounting
12 for over 25 percent of U.S. export sales and
13 surpassing our exports to the European Union.
14 We estimate that in its first three years,
15 NAFTA accounted for a 3 percent increase in
16 exports to Mexico and a 7 percent increase to
17 Canada. Last year U.S. farm exports through
18 our NAFTA partners increased by 11 percent to
19 a new record for both countries at the same
20 time that our overall U.S. exports declined by
21 6 percent mostly because of the Asian crisis.

22 Although recent trade agreements
23 have produced real benefits for agriculture,
24 we recognize that the playing field is far
25 from level and that much more work needs to be

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1 done. A major part of our strategy to level
2 the playing field for agriculture is to be
3 successful in the upcoming trade market. To
4 understand where we're going in the WTO, it is
5 important to understand where we've been. The
6 general agreement on tariffs and trade in the
7 GATT was established in 1948 and assessed the
8 basic rules of international trade. A number
9 of GATT negotiations or rounds took place
10 between 1948 and to the present with the most
11 recent Uruguay Rounds completed in 1994. The
12 Uruguay Round established the World Trade
13 Organization which is basically a continuation
14 of the GATT system. The Uruguay Round
15 Agreement opened a new chapter in agriculture
16 trade policy committing countries around the
17 world to new rules and specific measures to
18 reduce (inaudible) protection and support that
19 were barriers to trade. Agriculture finally
20 became a full partner in the multilateral
21 trade system. For the first time countries

22 (inaudible) while supporting cuts in
23 agricultural tariffs. For the first time,
24 export subsidies had to be reduced and
25 internal support policies that distort trade

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1 were capped and reduced. New rules set a
2 scientific standard for measures that restrict
3 imports on the basis of human, animal, or
4 plant health and safety. And a new dispute
5 settlement process was established, one that
6 we have successfully used in a number of
7 cases.

8 The Uruguay Round Agreement was a
9 good start. It's already resulted in new
10 market opportunities and increased farm
11 exports, but the Uruguay Round was just a
12 start in the upcoming round of the WTO rounds
13 for the next step. The next round will be
14 launched and administered in Seattle on
15 November 30 with nearly 130 countries in
16 attendance. The actual negotiations will
17 start early in 2000. The full scope of the
18 negotiations is yet to be determined, but
19 agriculture and services will definitely be
20 included. The general expectation is that the
21 negotiations will last three years with

22 implementation beginning in 2004.

23 In setting the agenda for the next

24 WTO round and agricultural negotiations, we

25 will build on the Uruguay Round

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1 accomplishments. Although tariffs were
2 reduced in the Uruguay Rounds, they are still
3 too high. Some countries maintain average tax
4 tariffs of 50 percent while the U.S. average
5 is about 8. Our goal is to negotiate a
6 further reduction in tariffs, but we also want
7 to expand market access under tariff-rate
8 quotas by increasing the quota amount and
9 decreasing the tariff outside the quota.

10 Another top priority is the
11 elimination of export subsidies. The European
12 Union, for example, currently accounts for
13 about 85 percent of the export subsidies used
14 in agriculture worldwide, and they are
15 currently permitted to outspend the U.S. on
16 export subsidies by about 10 to 1. We also
17 want to see discipline brought to the
18 operation of so-called state trading
19 enterprises or STEs which are government-
20 authorized export or import monopolies.
21 This monopoly power allows STEs to

- 22 price their products artificially low and
- 23 unfairly increase market share. We'd like to
- 24 see STEs subjected to greater constitution or
- 25 reform so they operate in a way that's fair

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1 and more transparent. Trade supporting
2 domestic support is being reduced under WTO
3 rules, but those subsidies also remain high.

4 A comparison of such support shows that
5 locally domestic support in Europe and Japan
6 remains higher than in the United States. Our
7 goal for the next round is to make sure that
8 such assistance has a minimal impact in
9 interfering with markets and distorting trade.

10 Programs that encourage farmers to produce
11 surpluses without regard to efficiency or
12 environmental costs are often maintained by
13 domestic import competition and dumping
14 surplus production on world markets.

15 Other goals for the next round
16 include ensuring that health and safety rules
17 continue to be based on sound science and
18 establishing the rules that allow trade
19 involving new scientific innovations such as
20 trade and products of biotechnology. Again,
21 we appreciate your attention and participation

22 and look forward to hearing your comments
23 today and over the next several months. Thank
24 you.
25 MR. BLOUIN: I'll give you a brief

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1 explanation of the format that we're going to
2 follow for the remainder of the day. We have
3 four panels that are going to be spread out
4 timewise throughout the day. Each panel will
5 be comprised of leaders from various aspects
6 of agriculture. They will make 5-minute
7 comments each followed by some question and
8 answer or response comments from the listening
9 panel, which is this group to my right, to
10 your left. When that's completed, there are
11 several people from the audience who have
12 asked to make brief presentations. They will
13 submit testimony probably substantially longer
14 than the comments of the 3-minutes that they
15 will make. My job is to hold you to that
16 3-minutes limit and to keep you on the topic
17 of World Trade Organization, world trade in
18 general. It is not an opportunity to talk
19 about the various topics affecting agriculture
20 unless there's a direct connection to trade.
21 So those of you who have likely written

22 comments, pick out those parts of it to
23 concentrate on trade, and we'll get along just
24 fine.
25 Our first panel -- and I would

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1 invite the four of them to please join us here
2 at the front -- is made up of Kevin
3 Vinchattle, who is the Executive Director of
4 the Iowa Egg Council and Iowa Poultry
5 Association; Joel Van Gilst, board member of
6 the Iowa Pork Production Association;
7 Representative Sharon Schwartz from Kansas,
8 who will speak on behalf of the U.S. Meat
9 Export Federation; and Dr. Dennis Gorley,
10 Elite Genetics from Waukon, Iowa. Kevin, why
11 don't we begin with you. And your 5 minutes
12 starts the second you're up here. Dan didn't
13 notice this, but there is a little light up
14 here that tells you when the floor disappears.
15 MR. VINCHATTLE: Thank you.
16 Mr. Secretary, Senator Grassley, Congressman
17 Boswell, Mr. Ambassador, Secretary of
18 Agriculture, and our distinguished members.
19 On behalf of the membership of the Iowa
20 Poultry Association, I want to thank you for
21 the opportunity to provide comment today. And

22 a brief personal aside, I want to thank you
23 for the opportunity to shake hands with Dennis
24 Gorley again. His sister and I were
25 classmates in Webster City High School which

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1 has probably been 20 plus years since I've
2 seen him, so it's a renewed acquaintance. But
3 back to the matter at hand. We have seen a
4 dramatic resurgence of meat production during
5 the last decade in Iowa. We believe we are
6 now likely the number two egg-producing state
7 in the nation. It is quite conceivable we
8 will be at the top of egg-producing states in
9 a very short time. This is quite amazing when
10 you consider that a little over a decade ago
11 Iowa had 8 million layers.

12 The Iowa Egg Industry clearly
13 recognizes the importance of the world
14 marketplace. We have fewer than 3 million
15 people in Iowa. We are well aware the
16 primary markets for our production are found
17 outside our state borders. We also
18 recognize more than 95 percent of our
19 potential customers are found outside the
20 borders of the United States. However, at
21 this time, the U.S. Egg Industry is perhaps

22 less dependant on exports than some of
23 the other sectors of agriculture. About 3 to
24 4 percent of U.S. egg production is exported
25 in shell or processed form. However, the

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1 recent expansion makes us well aware of the
2 need to build export markets. Reliance on
3 domestic markets alone will not support the
4 industry at present levels. While egg
5 producers have historically sought a minimal
6 role of government intervention in egg
7 production and processing enterprises, we do
8 believe government has an important role to
9 play in making sure our access to world
10 markets is free and open.

11 Current situations around the world
12 are a great concern for men and woman who
13 produce or process the incredible edible egg.
14 I'd like to share a few specific examples.
15 European Union officials have recently
16 suggested they will not allow animal welfare
17 regulations to make European egg production
18 noncompetitive, but will act to keep imports
19 from other sources out of the country.

20 In addition, the EU has taken recent
21 actions which appear to violate the zero-duty

- 22 binding on inedible egg products negotiated
- 23 during the Kennedy Round of the multilateral
- 24 trade negotiations in 1967. Canada continues
- 25 to maintain restrictive tariff-rate quotas on

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1 import eggs while operating an export system
2 for egg products that was identified as a
3 trade barrier in the U.S. Government's recent
4 National Trade Estimates. These U.S.
5 Government findings stated the domestic
6 Canadian price for shell eggs is maintained at
7 a level substantially above the world price.
8 At the same time, producers are assessed a
9 levy on all eggs sold, and a portion of the
10 levy is used to subsidize the export of eggs.
11 This practice artificially increases Canadian
12 exports of egg products.

13 More specifically, the Canadian
14 system provides some of the levy funds that
15 are utilized in an industrial products pool.
16 The Canadian Egg Marketing Industry then uses
17 the pool to reduce the price of eggs. This
18 special subsidy is only available for eggs
19 destined to be processed for export. The
20 United Egg Association estimates removal of
21 this subsidy would increase U.S. egg products

- 22 exports by some \$60 million per year.
- 23 Mexico is another country
- 24 considering the enforcement of regulations not
- 25 based in science which could greatly impact

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1 eggs and egg products. They may require that
2 refrigerated eggs sold to Mexico shall not
3 remain outside a refrigerator for more than
4 an hour and require the designation of
5 imported refrigerated retail eggs for
6 industrial use only if stores keep them at
7 unrefrigerated temperatures. However, their
8 own regulations recommend a 15-day expiration
9 date for unrefrigerated eggs. They are trying
10 to imply that sweating eggs, that is those
11 exhibiting normal condensation if removed from
12 a cooler environment to a warmer environment,
13 are a health risk, and this is not supported
14 by the findings in literature. In fact, WTO
15 Article 5.2 says, "In assessment of risks,
16 members shall take into account available
17 scientific evidence, relevant processes, and
18 production methods; relevant inspection;
19 sampling and testing methods." Mexico has
20 failed to do this in this instance. Instead,
21 U.S. egg producers are faced with a

22 transparent attempt to block egg exports to

23 Mexico.

24 The egg industry in Iowa and the

25 U.S. is extremely efficient and competitive.

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1 We support the abolishment of export
2 subsidies. We support the cutting of tariffs
3 and the phase-out of tariff-rate quotas.
4 Sanitary, phytosanitary, and environmental
5 rules should not be used as barriers to free
6 and open trade. All products and all policies
7 from all countries should be on the table at
8 the upcoming round.

9 We encourage the U.S. Government to
10 utilize its powers to provide free and open
11 access to markets throughout the world. With
12 more than 95 percent of our potential
13 customers living outside our borders, we are
14 confident egg production and processing
15 industries can deliver the quality and
16 quantity the world desires. Thank you.

17 MR. VAN GILST: Good morning. My
18 name is Joel Van Gilst. I'm a third-
19 generation pork producer from Oskaloosa, Iowa.
20 I'm an officer of the Iowa Pork Producers
21 Association, and I appreciate the opportunity

22 to appear here on behalf of the members of our
23 association.

24 In 1998 a total of 28.9 million head
25 of hogs were slaughtered in Iowa which

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1 includes 25.7 million marketed in Iowa and an
2 additional 3.2 million imported into Iowa for
3 slaughter. Iowa produces nearly a quarter of
4 the U.S. pork. According to a recent Iowa
5 State University study, the U.S. pork
6 industries supports an estimated 600,000
7 domestic jobs and generates more than \$64
8 billion in total economic activity. When one
9 considers pork production globally, Iowa has a
10 natural competitive advantage for livestock
11 production. Due to the large quantity of high
12 quality, highly productive farmland, Iowa has
13 an abundant source of feed for livestock. We
14 can use natural fertilizer produced by our
15 livestock to reduce the amount of commercial
16 fertilizer needed for our crops. Other major
17 exporting countries are not as fortunate. In
18 many cases they're experiencing environmental
19 challenges and other issues that drive up
20 their cost of production.

21 The U.S. pork industry is

22 benefitting from the Uruguay Round Agreement.
23 Since 1995 when the Uruguay Round Agreement
24 went into effect, U.S. pork exports to the
25 world have increased by approximately 86

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1 percent in volume and 80 percent in value
2 terms from '94 levels. While the U.S. pork
3 industry's recent export performance is
4 impressive, it remains severely limited by
5 factors, such as the lack of access to many of
6 the world's pork markets and the unfair
7 subsidies provided to many of our competitors.

8 The Iowa Pork Producers Association
9 strongly supports further trade liberalization
10 measures. Mr. Secretary, you yourself have
11 stated the importance of exports to American
12 agriculture. American farmers already produce
13 an abundance far in excess of domestic needs
14 while global food demand is increasing.

15 Even with the significant progress
16 made in the Uruguay Round, tariffs on
17 agriculture products remain very high. The
18 accelerated reduction of tariffs is a pork
19 industry priority in the upcoming trade round.
20 U.S. agricultural tariffs that average 5
21 percent are dwarfed by the tariffs of other

22 nations that average as much as 50 percent. A

23 date needs to be set by which all tariffs will

24 be zero.

25 As a result of the Uruguay

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1 Round, subsidies on agricultural exports were
2 reduced both in terms of quantity and
3 government expenditures on a product-specific
4 basis. While significant progress was made in
5 the Uruguay Round, export subsidies remain a
6 major problem for U.S. agriculture. The
7 elimination of all export subsidies is a top
8 priority for the pork industry. Export
9 subsidies transfer market share away from U.S.
10 pork producers, the world's lowest-cost
11 producers of pork, and give it to the European
12 Union and other less-efficient pork producers.

13 U.S. pork producers recognize the
14 complexities of agricultural politics and
15 acknowledge that farm programs often are
16 designed to meet social as well as economic
17 objectives. It is essential for the next
18 trade round to accomplish much stricter
19 disciplines on trade-distorting domestic
20 support programs than was possible in the
21 Uruguay Round. The aggregation of commodities

- 22 for purposes of measuring reduction
- 23 commitments should be replaced by an agreement
- 24 that each commodity be negotiated on its own
- 25 terms. All trade-distorting domestic supports

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1 should be eliminated.

2 The Uruguay Round Agreement on
3 sanitary and phytosanitary measures requires
4 import measures intended to protect public
5 health or to control plant and animal diseases
6 to be based on science. Enforcement of the
7 strict science-based trading rules established
8 in the Agreement is critical. The pork
9 industry does not support opening the sanitary
10 and phytosanitary agreement for further
11 negotiation in the next trade round.

12 When considering country
13 priorities for the upcoming negotiations, the
14 Iowa Pork Producers would recommend focusing
15 on Japan and the EU. Greater access to the
16 Japanese pork market could provide a
17 much-needed boost to the U.S. pork industry.
18 The elimination of pork subsidies and unfair
19 trade practices by the European Union are
20 needed.

21 The EU pork market has basically

22 been closed to the U.S. pork industry for over
23 ten years as the result of the EU's Third
24 Country Meat Directive. If U.S. pork cannot
25 be marketed in the EU, the EU pork should not

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1 be marketed in the U.S. A strong response to
2 the EU's treatment of U.S. pork exports is
3 long overdue. Pork should represent all or
4 the vast majority of the final retaliation
5 list in the USTR's action in the beef hormone
6 matter.

7 When one considers the current
8 market of the commodities being produced here
9 in Iowa and the surrounding states, the
10 upcoming round of WTO negotiations is
11 extremely important. I'd like to thank
12 Secretary Judge and the other organizers of
13 this session for giving me the opportunity to
14 speak this morning.

15 MS. SCHWARTZ: I'm going to speak
16 from here. I was informed that the light was
17 better from this area, so I'm going to try to
18 speak from here.

19 First of all, Secretary and panel, I
20 thank you for listening to me this morning,
21 and I appreciate this opportunity to appear

22 here today as a Kansas farmer and as a Kansas
23 legislator. And so I will be speaking
24 basically, though, as a Kansas farmer. I am a
25 partner in Pork Chop Acres, Incorporated.

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1 It's a family corporation with my husband,
2 son, and grandsons. Our business produces and
3 markets 12,000 pigs a year. In addition we
4 own and operate approximately 3,000 acres of
5 corn, grain sorghum, soybeans, and wheat in
6 Washington County, Kansas. I'm presently
7 completing my fourth year in the Kansas
8 legislature. I serve on the House Ag and
9 House Environment and House Appropriations
10 committees in the state of Kansas.

11 As producers, we are currently
12 experiencing some of the most challenging
13 times with record low commodity prices, which
14 you've heard about and many of you are
15 experiencing as well. The fact is that
16 American farmers' production does far exceed
17 the domestic use while the global food demand
18 continues to increase. The future success of
19 our family business as well as all
20 agricultural business hinges on the ability of
21 the U.S. to take the lead in the upcoming

22 round of WTO negotiations.

23 Due to the abundant supply of grain

24 sorghum for livestock, mild climate, and close

25 proximity to Mexico and Central America, the

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1 state of Kansas is emerging as a growth
2 area for the pork industry. In fact, I was
3 visiting with Kansas state economist this last
4 week, Gary Finchbau. He suggested that Mexico
5 will become our number one export country for
6 the United States within the next ten years.

7 Current plans are in place today to
8 build a new pork packing plant in Kansas, so
9 you can tell what's happening with the state.
10 Even given the fact that pork producers have
11 experienced very low prices, in fact probably
12 the lowest in 50 years, \$211 million was
13 generated from the hog industry and from hog
14 exports from Kansas in 1998. These declining
15 prices directly reflect unfair subsidies and
16 restricted access to many competing markets.

17 For U.S. pork producers such as our
18 family to prosper, further liberalization is
19 imperative. While the U.S. pork industry has
20 seen pork exports increase 86 percent in
21 volume since Uruguay, the last round of

22 agreement in 1994, we are still at a
23 disadvantage as a result of unfair subsidies
24 and market access. We must eliminate all
25 exports subsidies. Export subsidies transfer

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1 market share away from us and give the
2 European Union and less efficient pork
3 producers an advantage.

4 We need to set all tariff levels at
5 zero. While U.S. agriculture tariffs average
6 5 percent, other nations impose tariffs as
7 high as 50 percent. It's impossible to
8 compete in international markets at this type
9 of disadvantage.

10 Commodities need to be negotiated
11 on an individual basis. When measuring
12 reduction commitments, each commodity needs to
13 be negotiated on its own terms in the next
14 trade round. Furthermore, we need access to
15 all markets. It is unfair to the United
16 States' producer to not have access, and this
17 has been pointed out before that while EU pork
18 is exported to the United States, the EU
19 country markets have been closed for the past
20 ten years to pork producers.

21 Kansas has already benefitted for a

22 number of agricultural agreements. There's
23 still much to be done. As a pork producer, I
24 understand the importance of exports to the
25 pork industry. As a Kansas legislator, I

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1 recognize the increasing importance of exports
2 to Kansas agriculture and statewide economy.
3 Since 1991 the state's reliance on
4 agricultural exports has risen from 26 to 29
5 percent. If Kansas farmers and ranchers and
6 food processors are to compete successfully
7 for export opportunities in the 21st Century,
8 they need fair trade and fair access to global
9 growing markets. We can compete with EU
10 farmers, but we cannot compete with the EU
11 government and other governments.

12 When barriers are reduced, there
13 will be losers and there will be winners. It
14 will be necessary to compensate the losers.
15 In the end, I truly believe that free trade
16 will mean a higher standard of living for
17 everyone. I wanted to thank you for this
18 opportunity to speak.

19 DR. GORLEY: Greetings and welcome
20 to the great state of Iowa. I want to thank
21 Secretary Glickman, Senator Grassley,

22 Congressman Boswell, and the State Secretaries
23 of Agriculture, other distinguished guests for
24 your time and willingness to hear my comments.
25 My name is Dr. Dennis Gorley, and I'm a

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1 veterinarian from Waukon, Iowa. My company is
2 Elite Genetics. We specialize in reproductive
3 technologies. We were one of the world's
4 largest depositors of ovine genetics, and our
5 clients consist of 4,000 of the best sheep
6 producers across the United States.

7 The U.S. sheep industry today is at
8 a critical crossroads in its fight for
9 existence going into the next millennium. The
10 industry has over 75,000 producers in which
11 over 22 percent are seed stock producers
12 raising 48 different breeds of sheep. With
13 this high number of seed stock producers, it
14 is extremely competitive and maintains a large
15 wealth of genetics. However, it has been
16 difficult to compete due to the inability of
17 the U.S. industry to access world markets and
18 the ability to gain access to these markets
19 effectively as our competitors do. I am aware
20 of the various overtures the USDA and the
21 Clinton Administration have done.

22 The mandate of the Section 201 Trade
23 Action that showed that the U.S. sheep
24 industry has been seriously affected is
25 needed. The support and actions must be

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1 established from this gives the industry three
2 to four years to enact positive change and
3 effort. According to information supplied
4 from New Zealand, more than \$65 million is
5 used in the New Zealand sheep industry for
6 promotion and research, a full 16 percent of
7 which comes directly from the backs of sheep.
8 We must be able to access this action
9 financially to develop more competitive means
10 of global marketing and the ability to trade
11 with other countries.

12 As technologies continue to advance
13 our lives, business structure and marketing to
14 easier global access, our well-being as U.S.
15 sheep producers, as well as any
16 sheep-producing country around the world is
17 essential to have the ability to export sheep
18 and sheep products. The major issue that
19 inhibits this ability to compete in the world
20 market for the sheep industry is health
21 protocols. We are not allowed to compete on

22 an equal level by many countries that do not
23 recognize the march of science due to the
24 effects this recognition would have on their
25 own sheep producers and their own marketplace.

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1 They refuse to acknowledge science in these
2 issues. Globally the United States has to
3 initiate this action repeatedly to be able to
4 export semen or live animals with each and
5 every country. That takes months if not
6 years. That obviously inhibits economic
7 growth.

8 The best example of this is the
9 disease know as scrapie. Research has
10 recognized several new scientifically proven
11 ways to control and eventually eradicate the
12 disease including the first live animal test.
13 Secretary Glickman announced the existence of
14 this test last summer that can now identify
15 scrapie in live animals. Scrapie-infected
16 sheep have been scientifically shown not to be
17 a cause of developing or spreading BSE to
18 cattle through contact or oral ingestion. The
19 disease has been shown not to be able to be
20 transmitted through the use of cryopreserved
21 or frozen sheep semen. The United States is

22 the only country in the world with a
23 surveillance program and a voluntary scrapie
24 certification program. Such countries as
25 China and Brazil refuse to acknowledge these

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1 issues as well as many others.

2 Another issue to the U.S. sheep
3 industry is the negotiation of export and
4 import issues with potential countries as part
5 of the livestock industry negotiation team.
6 Oftentimes we must negotiate from an industry
7 level up to APHIS which does not allow it to
8 be an agricultural agenda issue. The sheep
9 industry is a very important aspect of the
10 livestock sector. When negotiating trade
11 policies and issues with other nations, this
12 is a must.

13 A further issue, the sheep industry
14 has had ineffective support in certain regions
15 of the world, Latin America for example, for
16 the U.S. structure of health protocol
17 development negotiations at the APHIS level.
18 Such examples as exporting just 25 units of
19 sheep semen to Barbados is taking months and
20 months, and it is their agricultural sector
21 requesting the importation or the shipment

22 of 500 sheep to Chile that's stalled for six

23 months because of ineffective action.

24 This level of negotiations needs to

25 have an aggressive stance from the U.S. side

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1 applying science and objective decisions
2 using risk assessment rather than using the
3 most ideal subjective model that gives zero
4 tolerance. The latter seems to be the current
5 importing and exporting stance of the USDA
6 APHIS that allows other exporting countries
7 such an advantage with little or no risk to
8 their sheep industry. The U.S. sheep industry
9 needs USDA to recognize its own work, for
10 example, the issue of scrapie.

11 Such an action was the effective
12 negotiations of the development of sheep
13 exports with Mexico in 1997 and 1998 in
14 which APHIS negotiated and played a major
15 part. From the peak of our exports in 1993,
16 approximately 830,000 head, live sheep exports
17 fell to 280,000 in 1997 and now have fallen
18 even more dramatically. Major sheep exporting
19 countries such as Canada, Latin America, South
20 America may export sheep to Mexico just as
21 the United States did prior to the summer

22 of 1998 even with the same sheep health

23 status as the U.S.

24 Finally and importantly, according

25 to estimates of the U.S. Livestock Genetics

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1 Export and the American Sheep Industry
2 Association, these actions cost the industry
3 \$3 to 7 million per year. This action has
4 reportedly been a \$35 to 40 million additive
5 lost to the United States sheep industry.

6 I stand ready to visit with you
7 about any questions you have. The sheep
8 industry needs your help with these issues to
9 be able to compete on a worldwide basis. The
10 U.S. Sheep Seed Stock Alliance has information
11 that having access to simply 1 percent of the
12 seed stock flocks worldwide, the world
13 breeding sheep market as it is known today
14 would double the current demand and sales of
15 semen, embryos, and live animals to U.S. Seed
16 stock producers. Thank you again for your
17 time.

18 MR. BLOUIN: I would invite our
19 listening panel now to make any appropriate
20 comments, direct questions with specific
21 speakers, or anything else that you choose to

22 do.

23 SECRETARY GLICKMAN: I'd like to

24 make a couple comments to Dennis. I will

25 follow through on your comments about the

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1 issues. You are aware, of course, that the
2 President did announce very significant trade
3 relief pursuant to Section 201, and that is
4 accompanied by a directive to me and to others
5 in our government to purchase more lamb for
6 our commodity programs and to engage in a
7 program where he will put significant
8 additional money, so hopefully that will be of
9 some significant help in connection with what
10 you're talking about.

11 On the pork thing, Tim Galvin -- I
12 don't know if Tim is here or not -- but
13 anyway, it's an interesting phenomena. Pork
14 is one of the success stories in terms of the
15 volume of exports. It's moving up. Pork
16 demand is up in this country. Pork demand is
17 up in the world. The value of our exports, of
18 course, with price is not, but we're
19 seeing some positive signs there and, of
20 course, we signed an agreement basically with
21 the Koreans for a billion dollars worth of

22 credits, GSM credits, and pork remains a big
23 part of that as well. One of the interesting
24 things when we look at all these figures
25 during the last time it showed that the

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1 reduction wasn't as great. It's a fascinating
2 thing. The current reduction was fairly
3 significant among smaller producers but not
4 among larger producers. And it speaks to the
5 complexity of the pork issue as it relates to
6 the structure of agriculture and the changing
7 nature of the pork industry. It's also true
8 in the other aspects of livestock as well.
9 How we deal with issues of supply and how the
10 livestock goes through the national order of
11 the marketplace when the structure is no
12 longer based on smaller to medium-sized
13 operations (inaudible) but most of the
14 animals are from the larger scale operations.
15 It's a real challenge for all of us as we deal
16 with a lot of these export problems as dealing
17 with a livestock industry which is much more
18 concentrated than it used to be. And we need
19 to work with you to continue on this kind of
20 problem.

21 AMBASSADOR SCHER: Let me make one

22 comment. One of the interesting things I find
23 as a running theme through all of the comments
24 was the SBS, the science issues. And what I'd
25 be interested in getting feedback from this

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1 panel and to give to other panels, what we are
2 seeing is that tariffs are coming down both
3 through agreements, and NAFTA governments are
4 reforming their (inaudible), the countries that
5 want to keep their markets closed and keep out
6 our exports and keep out other exports are
7 turning to science as sort of a trade barrier
8 of choice to keep exports out. And one of the
9 dilemmas that we are facing in these
10 negotiations and we are doing a lot of
11 computations on right now is how can we
12 ratchet up the enforcement of scientific
13 standards. We don't want to change the
14 agreement. As a couple people said, don't
15 re-open the agreement, and I think generally
16 we would agree with that. I think what we
17 will see is if we re-open the agreement, other
18 countries will want to weaken it. We've heard
19 from Europe about the consumer choice
20 provision in the SBS agreement. I'm not
21 exactly sure how that will work, if you take a

22 pole and if a certain amount of consumers
23 didn't want the product, then you can find a
24 scientific barrier. But one of the things we
25 have to deal with is how do we actually

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1 increase enforcement of if. We've got the
2 case law (inaudible) or the case against Japan
3 on a variety of testing, all goods precedence
4 for the SBS agreement. But what we're
5 struggling with and what we need your input on
6 is how do you think we can do a more effective
7 job in ensuring that countries abide more
8 strictly to the terms of the SBS agreement and
9 not let politics drive what should be
10 scientific regulatory decisions.

11 MS. SCHWARTZ: I can't answer that,
12 but I have a question and then maybe a
13 suggestion. Is there a scientific -- a
14 universal scientific panel? There is?

15 AMBASSADOR SCHER: Well, there are
16 international scientific products. There's
17 Codex (phonetic), there's the World Health
18 Organization. Those are international
19 scientific bodies who review these, and those
20 are -- for example, the hormone case, the WTO
21 panel relied on both Codex and the World

22 Health Organization in determining that there
23 was no scientific standard for the foreign
24 EU's ban on beef.
25 MS. SCHWARTZ: Which makes sense to

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1 stand by it. They have to stand by those
2 decisions, I would think. I think timing is a
3 big thing, and I observe -- it seems like the
4 timing of a recent resolution and this doesn't
5 happen all the time (inaudible) and that's my
6 question.

7 AMBASSADOR SCHER: I don't want to
8 monopolize the time, but one of the
9 interesting dilemmas we have both in terms of
10 the sort of international standards as well as
11 the timing is that we have traditionally in
12 the United States as negotiators, we've been
13 more concerned about the impacts that those
14 have on us, and Secretary Glickman is the
15 regulator of the FDA. We want to ensure that
16 we can impose the highest possible standards
17 of food safety in this country, not
18 necessarily in the national standards, but in
19 some cases if there's a scientific basis even
20 higher. We've also wanted to ensure that if
21 decisions come down against us when/if we lose

22 cases, which luckily we're not. We're winning
23 far more than we're losing, but if we lose
24 cases, we don't want to have to change our
25 laws too quickly. We hear a lot from many

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1 members of Congress, you know, they have to
2 change the laws, the regulators that have to
3 change regulations, that they don't want the
4 WTO in Geneva telling our Congress or telling
5 our regulators to change their laws too
6 quickly. But we're finding the shoe is much
7 more on the other foot, and our effort is much
8 more focused on getting other countries to
9 change their rules, and so it's a dilemma.

10 It's one I think we're going to have to really
11 get a lot of feedback on over the next few
12 months as we prepare for these negotiations.

13 MR. VINCHATTLE: (The following
14 comment was inaudible to the reporter.)

15 SECRETARY GLICKMAN: You talk about
16 Mexico. You know, we want to export our
17 products, but we also have to recognize that
18 in an open world, it has to go both ways.
19 You just can't sell only. And I think of
20 the situation a couple years ago where it had
21 been 75 years since Mexico avocados were

22 allowed in the United States. And you talk
23 about universal science. The U.S. avocado
24 industry had priorities in science, and they
25 came up with different perspectives than many

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1 other scientists had come up with. But
2 we made a decision that under certain
3 circumstances, Mexican avocados could come in
4 the United States because we used what we
5 thought was the best science possible. One of
6 the reasons why we did that is one, because
7 the science was real, but the other one is if
8 we played the game by the same rules everybody
9 else played the game, nothing would ever move
10 in any of the markets. There had to be some
11 credibility to the U.S.'s position. Our eggs
12 could then go into their markets or our beef
13 could go into their markets. That's why it's
14 so critical. These aren't abstract problems.
15 It's so critical to have a uniform set of
16 rules and everybody plays by those rules and
17 they have to be based on good sound science.

18 MR. SAUNDERS: I've got a
19 question. We heard from Congressman Boswell
20 and Senator Grassley earlier about the overall
21 affects of global trade, and within our U.S.

22 Congress there's not always agreement on this.
23 And what I'd ask you, what are you doing to
24 educate your members, whether it's members of
25 an organization; Sharon, your farmers in

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1 Kansas; or Dr. Gorley, your clients. What are
2 you doing or is there general agreement,
3 consensus that global trade is essential for
4 agriculture in your sector? And then
5 secondly, whether there is a consensus or not,
6 what are you doing to educate your members on
7 the importance of this and communicating with
8 their elected officials?

9 DR. GORLEY: The sheep industry
10 has kind of made two points I want to make
11 out. With the WHO, with the recognition that
12 they're going to use health protocol and
13 health standards, they're going to need some
14 type of enforcement from that because of like
15 in China, they can recognize, like you said
16 before, all the things that tell you what
17 science can do for a certain disease, and
18 then, of course, like I stated before, it goes
19 from political to a barrier that they just
20 don't see them all of a sudden anymore. So
21 that will be interesting to see in the WHO and

22 then have the WTO have some type of ability to
23 be able to recognize or help enforce some of
24 those actions.

25 To John, as far as the first thing

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1 is -- what's very interesting is that the
2 United States in general has not been able to
3 compete with Australia, New Zealand in the
4 past just because of the dollar investment
5 those countries put into their export
6 industries. Those islands down there, the
7 Oceanic countries, they export almost 94
8 percent of all their products. So they're
9 experts. When you show up in Stavropol,
10 Russia, the Australians that have been there
11 three years before greet you at the center and
12 tell you where to go and where not to drink
13 the beer or vodka. So these guys are experts
14 within their fields. As far as being able to
15 get to the members, I think there's been new
16 alliances, the United States Seed Stock
17 Alliance which now has that 22 percent of
18 their industry that it does get out to them.
19 It shows a wealth of potential. One small
20 area of success, for example, is in Mexico
21 where we had a group of clients take some

22 semen down, and it was a \$250,000 sale of
23 semen just for these type of clients. So with
24 the ability of the access of the Internet and
25 a few other things like that, I think you're

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1 going to get a wealth of potential because the
2 U.S. has not been there and now Chile doesn't
3 like us and a few other ones. You know our
4 presence is being felt because they're talking
5 about us.

6 MS. SCHWARTZ: (The beginning
7 comment was inaudible to the reporter.)
8 I know the fueling importance of trade, as far
9 as how the legislature in Kansas and
10 legislators, how they are -- this information,
11 I would say that that's probably very limited.
12 Unless someone as a legislator gets up and
13 talks about the issue, that it is not a point
14 to the forefront like it should be, and it's
15 very important that Kansas is already
16 recognizing what's happening with agriculture,
17 and we can't say that this is what's happening
18 (inaudible) and I've seen it happen. And I
19 would like to say and would generate a good
20 guess in the topic of agriculture (inaudible)
21 and that's wait and see down the road and if

22 that's what's happening. So we need to speak

23 up. We really truly need to speak up.

24 MR. BLOUIN: I want to thank you all

25 for our first rounds. It's been very helpful.

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1 We now have our audience response or comments
2 to add as well. We have two microphones, one
3 on each side, and my list says we have six
4 folks who are each going to talk for 3
5 minutes. I would like to have Representative
6 Norman Mundie, wherever you are, on one side
7 or the other, and on the opposite side Linus
8 Solberg, and behind Representative Mundie will
9 be Chris Peterson. Over here Ralph Duxbury.
10 And then over here we'll have Ted Winters and
11 then Don Hoogestraat.

12 AUDIENCE MEMBER: Mr. Speaker, would
13 it be possible for Mr. Linus Solberg to sit
14 down at one of the tables and relax and
15 read his stuff that he has to say and all the
16 other speakers. There's plenty of room there.
17 I think the bottom line is, if we would
18 respect those farmers out here and give them
19 time to relax and say what they got to say.

20 MR. BLOUIN: Well, let's try it from
21 the microphone in the arrangement that we have.

22 AUDIENCE MEMBER: I'm going to be

23 one of the speakers, and I'm not going to

24 juggle that microphone with my stuff.

25 MR. BLOUIN: Well, I think the young

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1 folks who are there holding the mikes are
 2 going to hold them so you don't have to
 3 juggle.

4 AUDIENCE MEMBER: I think there
 5 needs to be respect up there at the table.

6 MR. BLOUIN: Well, let's start it
 7 this way and see how it works a little bit.
 8 Representative Norman Mundie, you're on.
 9 Linus Solberg. And if you'll hold the
 10 microphone for him, please, we can go from
 11 there. Linus, if you want to come towards the
 12 middle of the --

13 AUDIENCE MEMBER: Let him go up and
 14 sit at the table where he's got some light.

15 MR. SOLBERG: This will take 4
 16 minutes.

17 MR. BLOUIN: Let's go over to that
 18 side, and you've got 3 minutes, and I'm going
 19 to cut you off in 3.

20 AUDIENCE MEMBER: Give them hell,
 21 Linus.

22 MR. SOLBERG: Ladies and gentlemen,
23 thank you for allowing me to speak here today.
24 My name is Linus Solberg, and I'm a pork
25 producer and farmer from Cylinder, Iowa. I

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1 want to thank you for holding these meetings
2 across the United States and to finally
3 listening to some actual farmers. I'm not
4 sure how serious you are about solving the
5 world trade problems of farmers when one
6 multinational corporation sits on your right
7 hand and another at your left at the
8 negotiation table. Family farmers like me are
9 given too little attention when decisions are
10 being made about trade policy, but I will do
11 my best in the next 3 minutes to give you a
12 sense of what real farmers want and need from
13 you.

14 I will start by asking a question.
15 What is a customer? To me a customer is the
16 most important friend, whether it's a nation
17 or a person. Customers are not dependent on
18 us; we are dependent on them. Customers
19 should not be forced to take our surpluses
20 just because we're unable to create our own
21 fair food system. I believe our shortsighted

22 efforts to force genetically-modified crops
23 or hormone-treated beef down the throats of
24 other nations will jeopardize our success in
25 world trade and will benefit most the

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1 corporate clan that puts farmers like me out
2 of business. We don't do our trading partners
3 a favor by selling them our products. They do
4 us a favor by giving us the opportunity to
5 sell to them.

6 Every giant seed and chemical
7 company should be held accountable for
8 overcharging farmers and threatening our
9 export markets. Seed companies that insist on
10 marketing seed not already approved by a
11 foreign country's government deserve the
12 suspicion they receive. We already know that
13 BT corn can kill Monarch butterflies. Who is
14 doing research on the risks resulting from
15 plowing BT back into our soils and the
16 possible loss of microorganisms?

17 I am not against exporting
18 commodities. We need more trade. But we need
19 fair trade, not more bullying by U.S.
20 corporations that want to force other
21 countries to accept the commodity surpluses

22 created by the use of genetically-modified
23 organisms and growth hormones. Our current
24 trade policy helps Monsanto, Dupont, Cargill,
25 and ADM who are dependent on increasing

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1 exports at all costs. But family farmers like
2 me gain no economic benefit from
3 overproduction through the manipulation of
4 genes. That benefits only those who do the
5 manipulating. In fact, farmers lose. Last
6 year U.S. corn exports in Europe fell by over
7 \$500 million because Europeans don't want our
8 biotech corn. We cannot jeopardize millions
9 of dollars worth of trade because corporations
10 want to push GMOs on foreign countries.

11 If you listen to our presidential
12 candidates and to our commodity lobbyists, all
13 you'll hear is that we need to get tough on
14 trade talks, open new doors, reduce tariffs,
15 force the acceptance of our scientific
16 research, and demand an end to subsidies. But
17 we enter into trade talks with other countries
18 to help all parties involved, not to squeeze
19 out our farmers or their farmers or to benefit
20 the greed of the corporate clan. Corporations
21 must not be allowed to tell our politicians

- 22 how to run our government.
- 23 Federal Reserve Chairman Alan
- 24 Greenspan recently told Harvard University
- 25 graduates to shun greed and to put a sense

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1 of social justice into their endeavors. He
2 said, if we succeed in opening up
3 opportunities for everyone, our national
4 affluence will almost surely become more
5 widespread. And even more important is that
6 all Americans believe they are part of a
7 system they perceive as fair and worthy of
8 support. I say that Mr. Greenspan had better
9 give that speech to the CEOs of corporations
10 and commodity organizations to our trade
11 negotiators.

12 I'm confident that many family
13 farmers like me are finding it more and more
14 difficult to believe that we are part of an
15 economic system that is fair and worthy of our
16 support.

17 We don't need more trade agreements
18 where half the pigs in Canada can come into
19 the United States to depress our pork prices.
20 Likewise, we don't need more trade agreements
21 that permit U.S. corporations to exploit the

22 poverty of Mexicans or Brazilians by paying
23 them little to nothing to produce food. We
24 pretend that we're a Christian nation of the
25 New World, but it appears as though the

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1 multinational corporations have little
2 understanding of what love, respect, and
3 esteem of our fellow man really means.

4 This is my last page. International
5 trade is a complex issue with clearly high
6 stakes, considering the \$200 billion trade
7 deficit we had last year. But I would offer
8 four possible responses to the problems.
9 First, when a country reaches some level of
10 trade advantage over the United States, a
11 surcharge could be added to counter that
12 advantage. Second, we could use the
13 Agricultural Trade Act written in 1978 to
14 provide guaranteed commercial loans to foreign
15 countries. Third, we should ensure that
16 family farmers receive their fair share of the
17 consumer and export dollars. Fourth and
18 probably most important, we should provide
19 money and other forms of support to educate
20 and provide opportunities for people in other
21 countries so they can support themselves and

22 have the money to buy our products.
23 Ladies and gentlemen, customers
24 are not cold statistics. They are countries
25 and people with their own national interests.

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1 They have social, economic, environmental, and
2 health concerns that are just as valid to them
3 as ours are to us. A customer is not someone
4 with whom we should try to match wits. On the
5 contrary, the most successful businesses are
6 those that remember the old adage that the
7 customer is always right. Thank you for your
8 time.

9 SENATOR KLOUCEK: I will be a little
10 briefer than Linus. I am State Senator Frank
11 Kloucek from South Dakota. I ask that you
12 consider the following in your upcoming
13 Seattle WTO talks. Country of origin meat
14 labeling must be supported for the good of our
15 nation and her consumers, number one. Number
16 two, Lee Swenson, National Farmers Union
17 President, must be a lead negotiator for the
18 United States. His commonsense knowledge on
19 this issue and his support for family farm and
20 rich agriculture is imperative. We need him.
21 Independent family farmers and

22 ranchers must have 51 percent voting strength
23 for the United States. GMOs must be regulated
24 more closely and not allowed to hurt our trade
25 efforts. Companies that have so-called patent

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1 rights and technology fees for their seed must
2 not be allowed to dominate these talks or
3 world marketing. They should not have any
4 representation at these talks unless they have
5 signed agreements to immediately end patent
6 rights and tech fees in our country and
7 worldwide.

8 Bst, Roundup ready, BTS hormone
9 enhancers and all new technology must come
10 under closer scrutiny for human food safety,
11 animal, plant safety and long-term effects of
12 these products. And make sure what they say
13 they are is what they really are. We must
14 never -- and I repeat never -- lower our U.S.
15 standard of living, safety, and integrity when
16 it comes to food production.

17 Number eight, all beef, pork, and
18 lamb entering this country must have improved
19 tracking and inspection standards, not only
20 for our safety, but for the safety of all
21 America.

22 Number nine, all grains entering this
23 country must pass a means test comparing
24 tariffs, embargoes, and costs from the
25 exporting country to ours.

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1 And number ten, the agriculture
2 trade issue should be the top priority of our
3 negotiators at these talks because the
4 economic future of our independent producers
5 is already in jeopardy of a total meltdown.

6 Mr. Secretary, members of the
7 committee, I ask that you consider not just
8 fair trade, but free trade. We need economic
9 justification and not just sound science, but
10 sound economic science for all the issues that
11 you are to agree to in the Seattle talks. And
12 we are in jeopardy out there, ladies and
13 gentlemen. The corporate meltdown, the
14 corporate takeover of agriculture is real.
15 The corporate takeover of world agriculture is
16 real. We can talk all we want about free
17 trade, but until our family farm producers
18 have a fair representation at the table
19 worldwide of all countries, we are going to be
20 in dire consequences for the future of food
21 production in the world. Thank you.

22 MR. BLOUIN: Mr. Peterson, it's your

23 turn.

24 MR. PETERSON: Good morning. I'm a

25 family farmer from Clear Lake. My teenage son

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1 and daughter drove a semi load of hogs so I
2 could be down here today. Have you ever had
3 the fear of dying in your sleep? This is
4 exactly what's happening to our own government
5 which is being exploited by endorsing a
6 corporate-inspired farm policy called Freedom
7 to Farm. The corporations have now began
8 openly challenging the power of our own
9 government. If successful, the concentration
10 of power and wealth will not only control our
11 own country, but the world. We will have a
12 global economy and government.

13 With corporate power in control of
14 our own government, we will really be able to
15 cut programs and save money across the board.
16 Why, we can even get rid of the USDA, cut way
17 back on the Justice Department, and get rid of
18 the trade officers. With a handful of
19 corporations running the country, there will
20 be no need for regulatory departments. After
21 all this, maybe the pinnacle of wealth, the

22 compassionate conservatives can take care of

23 the rest of us.

24 Government, commodity groups, farm

25 organizations, and co-ops are ignoring the

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1 problems, causes, and facts. Why? Is this
2 just plain ignorance, greed, or constant
3 brainwashing by corporations on all parties
4 concerned which is passed on down through the
5 ranks?

6 We as farmers will become parasites
7 of a corporate-controlled agricultural system.
8 We will become tenants of our own farms. We,
9 with ever-lessening income of contract
10 farming, will become modern slaves. Today we
11 have thousands of family farmers staring
12 Armageddon in the face. With every commodity
13 losing money, we are only producing ourselves
14 to death while at the same time the
15 corporations enjoy record earnings with an
16 ever-increasing pace of controlling production
17 agriculture. An increasing number of
18 policymakers, true farm organizations, and
19 family farmers are attempting to bring the
20 government out of its deep sleep. I, as a
21 family farmer, will pursue this for as long as

22 it takes.

23 I ask all of you within your

24 power to question and challenge every move of

25 our government, the corporations, and all

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1 these so-called farmer member organizations.
2 We need to work towards a sustainable,
3 independent, secure, and profitable family
4 farm systems which will ensure food safety and
5 be environmentally sound for generations.

6 Some very important steps. Get rid
7 of the corporate monsters called Freedom to
8 Farm and let's enforce Antitrust laws for a
9 change.

10 At the present time we have an ag
11 trade policy that benefits corporations, not
12 family farmers. Let's change it. Let us
13 become partners again. Thank you.

14 MR. BLOUIN: Ralph Duxbury?

15 MR. DUXBURY: Thank you,
16 Mr. Chairman, prestigious members of the
17 panel, and the audience here and the Chair. I
18 will probably appreciably keep this short
19 because what I'm going to say has been said
20 and is probably going to be said again. But
21 I'm a long-time farmer, a livestock man from

22 the state of South Dakota. I was born in the
23 '20s in a similar time to this when the
24 economy was booming, the stock market was
25 smoking. We lost our family farm in the '30s.

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1 We fought two world wars. We killed our
2 cattle and pigs and buried them. We recovered
3 to the point we were in about 1930 to 1960.
4 Here we are again. The gentleman mentioned
5 that we need to take a long-term look at that.
6 How long have we got to look? I have a couple
7 questions here. In the interest of
8 international trade, where do the benefits
9 flow? It's important to me as a producer that
10 they flow back here in the Midwest where we
11 need them, not to Minneapolis or New York or
12 the offices of Cargill or ConAgra. Is it the
13 intent of global trade to transfer the assets
14 to other entities leaving present producers to
15 serve as janitors and doorkeepers, in other
16 words, hauling manure? I'll read you my short
17 statement here, and then I will thank you.

18 Thank you for the opportunity to
19 testify. Presently in South Dakota we are
20 involved in a hardball battle to maintain a
21 competitive and open marketing system.

22 Packers and corporate conglomerates are trying
23 to dominate production and marketing of our
24 livestock and grain products. Market access
25 is being restricted. Predatory pricing and

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1 contract arrangements are a source of
2 controversy. Transportation monopolies impact
3 our ability to move our crops to market.
4 Regional cooperatives are using member equity
5 to engage in competition with their own
6 patrons in production agriculture.

7 Certain commodity groups and farm
8 organizations no longer represent the
9 interests of a large portion on their
10 membership yet continue to collect and expend
11 mandatory check-off funds generated by these
12 producers. Certainly the demand for the
13 products of our agriculture in the world trade
14 are a positive in working through these
15 problems. However, if trade agreements are
16 dominated by the demands of worldwide cartels
17 that are allowed to produce and market at the
18 expense of independent agriculture and in some
19 cases even moving production and processing to
20 foreign countries, we will destroy the very
21 basis that has made U.S. agriculture the power

22 base and wonder of the world. Thank you.

23 MR. BLOUIN: Representative Ted

24 Winter.

25 REPRESENTATIVE WINTER: I'd like to

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1 thank the U.S. trade representatives for
2 coming out to the Midwest again. You were in
3 Minneapolis/St. Paul about a month ago and we
4 had a chance to visit with you a little bit
5 then and I had a chance to talk to people back
6 in our area, in our districts about what's
7 going on. I'd like to thank Secretary for
8 helping to put it together down here. In the
9 state of Iowa it's very important to the
10 people who live in these communities to know
11 that somebody is going to listen, to listen to
12 their hearts and to the value of what's going
13 on with them. Their operations are a part it.
14 If we don't do that, if we don't give the
15 people of our communities a chance to come out
16 of their homes and listen to each other and
17 work together on world trade issues, on
18 foreign policy issues, they have no venue for
19 any kind of a chance to make a difference.
20 And being a trade representative,
21 it's kind of like being a salesman. We need

22 top-notch salesmen working for us as our trade
23 representatives. We need to make sure that
24 they put together the right package that moves
25 our product, and if it means that we've got to

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1 give up some of what we believe is important
2 sound science, I think we need to do that. If
3 they don't want to buy hormone beef, a good
4 salesman wouldn't sell them something they
5 don't want to buy. And they wouldn't try to
6 force it down their throats by putting a
7 hundred and some million dollars more
8 sanctions against those countries because they
9 don't want to buy it.

10 We have to look at what we do with
11 our international trade rules and regulations
12 in a way that we can sell as much as possible.
13 And if we don't do that, first and foremost,
14 we set more barriers up ahead of us to
15 actually get anything done, and anybody that's
16 in the chamber of commerce organization,
17 anybody that runs a business in any town in
18 the city knows that if you don't sell what the
19 person wants and put the right kind of package
20 on it and market it to them, they usually
21 don't buy it. They buy it from somebody else.

22 So we've got to be smart salesmen, number one,
23 and be the best salesmen we can and be the
24 best trade organizers and representatives in
25 that area as possible.

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1 I think one of the things that we
2 have to look at when you look at trade
3 representatives and dealing with other
4 countries and the world is inventory. Farmers
5 have more inventory that they can sell today,
6 and therefore they're getting beat in the
7 marketplace every day with their
8 overproduction. The world has surpluses. If
9 you look at what was going on within the
10 screen that showed the slides of what was
11 happening, the world is producing more too.

12 We need to have some way that we can
13 look at a federal farm policy in this country
14 that actually looks at inventories that are
15 usable domestically and marketable in the
16 world. And if you can't market it in the
17 world, why produce it? It's stupid. It's
18 just plain dumb.

19 In looking at who is out there,
20 farmers can produce more than anybody in the
21 world in this country. They can today. We

22 just have to make some way, some sense to look
23 at the federal farm policy of this country and
24 deal with the inventories that are part of
25 that federal farm policy and look at what we

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1 can do and how much we can sell. I mean, and
2 balance that out for our farm families. That
3 would be the most important thing that you
4 could, as trade representatives, take to both
5 sides. Work with the federal government to
6 manage the inventory and help with the
7 inventory and look at what you could sell
8 (inaudible). I mean, help our farmers be able
9 to move their products. It's going to take to
10 2004 now before anything is done in this next
11 round, right? So between now and the next
12 five years, my neighbors and myself and the
13 people that live around my district, I mean,
14 they're not going to be here if we don't fix
15 this before five years from now. So it's good
16 to be here. We need to be good salesmen. We
17 need to make sure that things work right, but
18 we've got to fix the inventory side of what's
19 going on too along with the rest of it and try
20 to manage both of them and look at what we can
21 sell and how much we can sell and then be good

22 salesmen.

23 MR. BLOUIN: Our last speaker is

24 Donald Hoogestraat.

25 MR. HOOGESTRAAT: I certainly wish

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1 to thank you for the opportunity to address
2 this group, and I will be short and brief and
3 sweet and to the point. Maybe not the sweet.
4 I guess if I look back and I look at different
5 situations, I have enjoyed some very good
6 years in the pork industry. Right now it
7 isn't a washout; it's below that. I am
8 retired; my son is running the operation. He
9 has sold hogs for the last 11 months at a loss
10 except for four straight truckloads. He said
11 to me the other day, I can't keep going, Dad.
12 I said, I know you can't. He said, what are
13 we going to do? The facilities are not
14 adaptable to anything else. We are
15 independent. We do not belong to any
16 corporation. What are we going to do? If
17 things don't change, the handwriting is on the
18 wall. Now I'll get into what I've got typed
19 out, and I will have to explain something
20 here.

21 I was going to use an illustration

22 of a V pulley that I bought for my garden
23 tractor. A 4-inch V pulley, stamped steel.
24 No machine work, no nothing. That pulley cost
25 me \$32.58. It was American made. Without

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1 that pulley, the tractor would have been
2 useless. Now, maybe I'm getting off the
3 subject, but just stay with me. Now,
4 remember, \$32.58. Remember that figure. As
5 of July 9th at my local elevator, it would
6 take 23 bushels of corn priced at \$1.37 per
7 bushel -- and that's what our market was -- to
8 purchase this pulley.

9 Agriculture has not had a blazing
10 economy like other industries have. I'm
11 asking for trade agreement corrections to help
12 the agricultural sector. It costs
13 approximately from \$2.26 up to about \$2.43 a
14 bushel to produce one bushel of corn or break
15 even. With these discrepancies, it is
16 assassination of the American agriculture
17 industry. This corn is produced as in
18 American as well. I realize there are other
19 factors involved here, but trade may be the
20 most important.

21 With the Freedom to Farm Act of the

22 North American Free Trade Agreement, it seems
23 like these are intended to freeze out
24 independent farmers and more imports can come
25 in at a price below our cost of production.

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1 Competition is one thing. But to cut the
2 livelihood of the American farmer is just as
3 serious as human destruction in Kosovo. We
4 must take care of our own citizens as well as
5 take care of the atrocities in foreign
6 countries, and I'm a firm believer in this.

7 Third world countries are being
8 supplied with gene-altered seed to become
9 self-sufficient. I have no problem with this.

10 This is desirable. But we must realize that
11 exports to these countries will eventually dry
12 up. We have been blessed with a supply of
13 good food. Now, how are you going to handle
14 the trade of pork with the nearby Morrells,
15 Smithfield, that has a plant in Canada, 50
16 percent interest in the largest packing plant
17 in Mexico, and they also acquired Carroll
18 Foods. They have become the largest packing
19 corporation in North America. This
20 corporation greed along with NAFTA will
21 monopolize the food change and cause the

22 annihilation of the American farmer.

23 Is this what we really want? Do we

24 want to keep the American farmer alive and out

25 there? At least give him a living so he

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1 doesn't have to go for a loan every year until
2 that runs out. The point I'm trying to make
3 is all we ask is a fair shake, and let's get
4 with it. The time is up, because I used to
5 sign up members for organizations in the pork
6 industry, and I had 37 members to sign up. As
7 of today if I were to go out and sign those,
8 I would have two members to sign up. What is
9 happening, people, right before our eyes, and
10 we need action and now. Thank you.

11 MR. BLOUIN: Thank you. I want to
12 thank the panel that's been sitting here for
13 the presentations, their involvement and their
14 interest, and invite the next panel of six
15 presenters to please come forward, and while I
16 call their names and have them come forward, I
17 would invite all of you to stand up and
18 stretch your legs for a little break. Those
19 members are Kyle Phillips of the Iowa Corn
20 Growers Association; Chad Kleppe of the Iowa
21 Soybean Association; David Fret from the

22 Kansas Wheat Association; Travis Brown from
23 Monsanto; Ron Schrock from NeCo Seed Farms;
24 and Dan Brutsche of Brutsche Farms.
25 We're going to begin even though a

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1 couple of our listening panel are not
2 currently here. They're on their way back
3 from different facilities. Secretary Glickman
4 is on the phone with Washington at this
5 moment, but he will be back with us and plans
6 to be here until the noon break. We're not as
7 far off schedule as it might look, and we hope
8 to try to keep on time as close as possible.
9 We have about 40 more presentations, for those
10 who were paying attention to this kind of
11 thing, between panel presentations and
12 comments from the audience. So it's important
13 that you stay on time, and I want to thank
14 those who have presented so far for doing your
15 best to accommodate that. The topic, again,
16 remember, needs to be as closely adhering to
17 the world trade issue as possible.

18 If you have brought any comments
19 with you and aren't on the list as a
20 presenter, feel free to turn them in, and they
21 will become part of the permanent record that

22 will be given to Secretary Glickman at the end
23 of the day. Don't worry about it being typed
24 up or in any particular form just as long as
25 it's legible. Feel free to turn it in, and it

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1 will become part of that record. To our
2 speakers on the next panel, we're going to
3 follow the same process as the first round.
4 We're just going to go from your left to right
5 with their 5-minute comments and some
6 Q and A followed by audience participation.

7 MR. PHILLIPS: My name is Kyle
8 Phillips, and I farm 35 miles southeast of
9 Des Moines in the Knoxville area, and I'm
10 currently serving as president of the Iowa
11 Corn Growers Association, and I represent
12 5,000 members.

13 Trade policies in the United States
14 and the policies under the WTO directly impact
15 me and my farm. The price of corn and
16 soybeans reflect the trading of grain in the
17 international market. With today's prices, we
18 must look at new strategies and new ways to
19 export these crops. I made a commitment to
20 Freedom to Farm several years ago by signing a
21 contract with the U.S. Government. At that

22 time the U.S. Government made a commitment to
23 help me by reducing trade barriers, funding
24 research, and market development programs. We
25 feel the U.S. Government has not lived up to

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1 its end of the bargain.

2 Furthermore, our priority for the WTO
3 hearing is to improve the free flow of grain
4 through the world and maintain an open and
5 fair access to markets. Ten years ago the
6 United States controlled almost 8 percent of
7 the world corn exports. Last year this
8 percentage dropped. Although we export
9 additional corn as high-fructose corn syrup,
10 corn (inaudible) as meat and poultry and
11 countless value-added products. Weak export
12 performance contribtes to low prices that
13 plague producers today.

14 Trade barriers and export subsidies
15 prevent the U.S. corn industry from realizing
16 the full potential of our comparative
17 advantage in corn production. The
18 United States must clearly and consistently
19 promote further liberalization in agricultural
20 trade. We understand that the U.S. is
21 forwarding a proposal to address different

22 sectors in the WTO's negotiations known as
23 Early Harvest. If this means that agriculture
24 will be singled out in the negotiations in the
25 WTO, we would strongly oppose such a proposal.

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1 On the subject of trade sanctions.

2 Agriculture must not carry the burden of
3 political and economic reform around the
4 world. Farmers are producing for the world
5 market and are trying to compete for that
6 market. But government policy that limits our
7 access to potential new markets must change.

8 Trade embargoes and duties affect
9 the majority of farm customers. Here are a
10 couple of examples. The Mexican trade
11 ambassador has imposed adding up these duties
12 as high as \$175 per ton on high fructose corn
13 syrup imported from the United States. This
14 (inaudible) preventing a new processing
15 facility from being built right here in Iowa.

16 In May 1955, the President tightened
17 sanctions on Iran eliminating an important
18 export market for U.S. corn farmers. On the
19 subject of genetically-enhanced corn, while
20 technology offers significant opportunities to
21 increase the value of corn to our customers

- 22 for environmental, economic, and health
- 23 reasons, to name just a few, currently
- 24 biotechnology provides growers an opportunity
- 25 to use luseed (phonetic) products which

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1 control damage, insect, pests without the need
2 for insecticide application. In addition,
3 some of these new seed products allow growers
4 to use more convenient and environmentally-
5 friendly weed control strategies.

6 Genetically-enhanced corn is being
7 developed which will provide direct benefit to
8 consumers. Last year 11 different versions of
9 biotech corn were produced commercially in the
10 United States on approximately 20 million
11 acres. These products have all received the
12 necessary approvals from the Environmental
13 Protection Agency, the Food and Drug
14 Administration, and the USDA animal and plant
15 health inspection service. Unfortunately not
16 all of our grain customers accept the U.S.
17 approval process. Approximately 2.5 percent
18 of all corn produced in the United States last
19 year was grown from seed that has not been
20 approved for export through the European
21 Union. These unreasonable delays in Europe

22 are especially frustrating to the Iowa corn
23 growers. With the low prices we are having
24 right now, it compounds the problem.
25 Our members have readily adopted

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1 biotechnology as an environmentally-friendly
2 and cost-effective option to control insects,
3 pests, and weeds. We are confident that our
4 approval process in the United States ensures
5 the food safety. We respect our customer's
6 rights to establish standards for products of
7 biotechnology, but we cannot allow
8 arbitrary and unsubstantiated health and
9 safety claims to deny access to important
10 markets. The USDA can help by taking a more
11 active role in explaining the regulatory
12 approval process to build confidence in these
13 new products throughout the world.

14 When standards are developed, make
15 sure these standards are realistic and
16 achievable by U.S. agriculture. Simply
17 labeling the product will not solve the
18 problem whether there is an economic cost
19 associated with segregating corn. If
20 segregation occurs and a tier pricing system
21 develops, we want to ensure that we do not

22 penalize growers who adopt the new technology.

23 The WTO must provide for reviews of

24 products of biotechnology that are scientific,

25 risk-based, rational, and predictable.

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1 Companies and producers should have a
2 reasonable expectation that grain for use in
3 the United States will not be subject to
4 barriers abroad. And in the foreign market
5 development area, the market access program
6 and the foreign market development program
7 help promote our products throughout the
8 world. The Iowa corn growers support full
9 funding for the market access program and the
10 foreign market development program.

11 In conclusion, first, agriculture
12 cannot wait another six years for adjudication
13 to take place. Action is needed now. Second,
14 with the U.S. trade representative office's
15 proposal known as Early Harvest, agriculture
16 will likely be singled out from the entire
17 World Trade Organization negotiation process,
18 and this may ultimately hurt agriculture. We
19 must rely on the U.S. Government to give
20 agriculture a fair deal in the WTO
21 negotiations. These policy goals must be fair

22 in the negotiation process and not let

23 agriculture be the last one back.

24 Finally, we want to reiterate our

25 goal here is to establish a U.S. policy that

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1 clearly and consistently promotes fair and
2 open trade and to ensure U.S. corn and its
3 products full access to the world markets.
4 Thank you for this opportunity.

5 MR. KLEPPE: Thank you this morning,
6 and I do appreciate the presence of Secretary
7 Glickman and Mr. Scher from Washington. I
8 know the American Soybean Association works
9 very closely with Mr. Scher's office, and I
10 look forward doing that in the next session.
11 And I especially want to thank my good friend
12 Secretary Judge for her leadership here in
13 Iowa.

14 My name is Chad Kleppe. I'm
15 public affairs director for the Iowa Soybean
16 Association, and on behalf of the Iowa,
17 Kansas, Missouri, and Nebraska State soybean
18 farmers, I'd like to thank you for the
19 opportunity to present our recommendations on
20 agriculture trade priorities for the next
21 round of WTO negotiations.

22 Gaining improved access to foreign
23 markets is a critical importance to soybean
24 farmers. Every other row of soybeans produced
25 by growers is exported overseas in the form of

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1 soybeans, soybean meal, or soybean oil.
2 Soybeans and soy products are our nation's
3 largest agricultural export commodity, and
4 exports reached the \$9 billion mark in the
5 marketing year 1998/99. The economic
6 livelihood of our nation's soybean farmers is
7 linked to exports, market access around the
8 globe, and economic growth, particularly in
9 the world's developing countries that account
10 for more than four-fifths of the world's
11 population. History has shown us that trade
12 liberalization helps fuel worldwide economic
13 growth. And as consumers' incomes in
14 developing countries improve, one of the first
15 places they'll spend that income is on food,
16 which includes more meat and cooking oil in
17 their diets. As the world's largest exporters
18 of both soy and meat, U.S. farmers have much
19 to gain from trade liberalization.

20 Through the American Soybean
21 Association and the American Oilseed

22 Coalition, oilseed growers and processors have
23 been working since the last round of trade
24 negotiations to advance a market-opening
25 initiative for trade in oilseeds and oilseed

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1 products referred to as the Level Playing
2 Field Initiative. This initiative proposes to
3 eliminate all tariffs, export subsidies,
4 differential export taxes, and other
5 non-tariff barriers to trade in oilseeds and
6 oilseed products. We believe a level playing
7 field will greatly benefit U.S. soybean
8 growers by giving us increased access to
9 foreign markets, eliminating unfair export
10 practices, and stimulating demand among
11 consumers. We believe the United States
12 should vigorously pursue this initiative in
13 the next WTO round.

14 We strongly believe the negotiations
15 should be comprehensive in scope. For many
16 countries, trade liberalization in agriculture
17 is politically difficult and painful.

18 Therefore, the scope of the negotiations has
19 to be broad enough to ensure that countries
20 being asked to make difficult concessions in
21 agriculture can be assured of offsetting

22 benefits in other areas.

23 In addition to pursuing the

24 Level Playing Field Initiative for oilseeds,

25 soybean growers believe the following

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1 additional issues need to be addressed in the
2 next WTO round. We need rules governing
3 biotech that are science-based and not based
4 on power and propaganda. If we are to be
5 successful in asking other countries to open
6 their markets and rely on imports to meet a
7 growing portion of their food needs, the
8 United States and other exporting nations must
9 agree not to restrict exports of agricultural
10 goods through sanctions, embargoes, or reasons
11 of short supply. Meaningful provisions
12 providing food security to net food importing
13 nations should be included in the next WTO
14 agreement.

15 We believe that enhancing trade in
16 pork and poultry products as well as a need
17 for a strong sanitary and phytosanitary
18 agreement. Improvements in dispute
19 settlement in addition to enhanced safeguards,
20 antidumping, and (inaudible) duties.

21 We need to continue to provide

- 22 income and other support to agricultural
- 23 producers as a key feature of agricultural
- 24 policy in many nations, including our own.
- 25 WTO rules should allow for continued support

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1 of agricultural producers, but should
2 transition countries to provide an increasing
3 portion of total domestic support for
4 agriculture in a decoupled form, as the United
5 States already has done under the 1996 Farm
6 Bill.

7 Labor and environmental issues
8 should only be addressed in a manner that
9 facilitates rather than restricts trade.

10 Finally the Blair House Agreement.
11 U.S. soybean growers and the U.S. Government
12 fought long and hard to achieve the Blair
13 House Agreement which limits the area of
14 oilseeds in the European Union that can be
15 subsidized. The Blair House Agreement must
16 not be weakened in any way, and the U.S.
17 should insist that any changes in EU policy do
18 not nullify or impair the benefits provided
19 by the Blair House Agreement.

20 That concludes my presentation.
21 I appreciate your time.

22 MR. FREY: Good morning, Secretary
23 Glickman, U.S. special trade representatives,
24 distinguished guests. Chairman of the Kansas
25 Wheat Commission Eldon Lawless is going to

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1 have some comments in the audience
2 participation portion. We also have written
3 testimony we will present.

4 About a year and a half ago a young
5 group of French farmers toured the U.S. and
6 requested a presentation from the Kansas Wheat
7 Commission. I saw this as a really great
8 chance to tell our story, lay out our
9 concerns, and also was interested in hearing
10 their response. Kansas wheat farmers invest
11 in the public wheat breeding program at Kansas
12 State University, and we do this to continue
13 to improve the quality of the wheat that we
14 produce. This year, in fact, on behalf of
15 Kansas farmers we'll put in approximately
16 \$1 million into the breeding programs and the
17 research that's going on there on behalf of
18 Kansas farmers. And yet the higher moisture,
19 softer lower protein priced wheat receives a
20 much higher price because of common
21 agricultural policy support, and that in turn

- 22 artificially encourages them to keep growing
- 23 more of this stuff, and then they have to
- 24 subsidize it. Right now we have a dollar a
- 25 bushel in order to compete on world markets.

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1 In the area of flour in the past 30
2 years but especially since the last trade
3 market, U.S. commercial flour exports have
4 dried up because of the subsidies that French
5 and other European flour has. And because of
6 European flour subsidies, the U.S. requires
7 government subsidies in order to sell flour.
8 And without flour subsidies, the U.S. doesn't
9 sell the French flour. The U.S. has come from
10 the top flour exporting country in the world
11 after World War II to no commercial flour
12 export sales this last year.

13 Now, Kansas is the largest flour
14 milling state in the nation. And part of that
15 is based on the proximity to ship flour out of
16 the Gulf. And even though the domestic
17 flour market is steady and I would say strong,
18 we're slipping as a flour milling state, and
19 it's affecting our industry.

20 Now, there's not much wheat gluten
21 produced in the United States, but the largest

22 wheat gluten plant is in Kansas, and I
23 mentioned that because of the French, and that
24 because they're allowed tariff protection on
25 their starch industry in France, French wheat

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1 starch and wheat gluten are produced in
2 overabundance, and then they dump the cheap
3 gluten in the U.S. This was prior to the U.S.
4 Administration action on the dumping, and
5 thank you, Mr. Secretary, for your role in that.

6 The European wheat starch gluten
7 system is so lucrative that some American
8 companies have closed their gluten plants here
9 and instead have invested in new plants near
10 Paris.

11 Well, after this list of unfair
12 trading practices, especially the subsidies
13 and tariffs was aired to the French farmers,
14 one of them with a puzzled look on his face
15 said well, why should you be surprised. Our
16 politicians told us that the deal was you in
17 the U.S. can grow corn and we can grow wheat.
18 And I looked around the room and the heads
19 were basically nodding in agreement among the
20 French. And I've often thought about that.
21 And while we are here in the great corn and

22 soybean growing state of Iowa, there are many
23 parts in America that don't measure the
24 topsoil in feet and that really can't grow
25 corn very well, and quite honestly we people

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1 really didn't know that was the deal.

2 There will be more wheat people

3 involved in the WTO groundwatching and

4 participating, and we'll be available in

5 sessions to a much greater degree, and we

6 encourage you to utilize the wheat

7 representatives that will be at the WTO

8 rounds. And as we look forward to those

9 rounds and in hearing that it's going to be

10 2004 before we have any results, I think there

11 are some things we can do before then. We

12 would like to see the U.S. Government use

13 every tool at their disposal to help our

14 markets and encourage the sale of U.S. wheat.

15 The small cooperative programs such as

16 Foreign Market Development and Market Access

17 Promotion Program, that has already been

18 mentioned should not be cut. The U.S.

19 Government has a role in making sure that our

20 products are accepted and respected in the

21 world marketplace, and why not do that in

22 cooperation with agricultural producers and
23 processors, and it makes sense.
24 And in some markets the GSM
25 credit guarantees are helpful. In some markets

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1 they're not, but it's an essential program.
2 In some markets it would be very helpful to
3 have wheat export subsidies. We absolutely
4 need the export flour subsidies. If we do not
5 have a believable export subsidy program,
6 how in the world can we negotiate the end to
7 European import subsidies in the next round?
8 Thank you very much.

9 MR. BROWN: Good morning. My name
10 is Travis Brown, and I want to thank the
11 Secretary, Madamn Secretary, and members of
12 the committee for allowing us to speak today.
13 I am manager of government affairs for the
14 Monsanto agricultural company based in
15 St. Louis with a strong Iowa presence here,
16 and I wanted to provide just a couple of
17 comments that have been highlighted and
18 provided in previous briefs.

19 Because one of our businesses,
20 agricultural biotechnology, is one of the
21 fastest growing sectors in the United States'

22 economy and will be one of the most important
23 areas of the U.S. economy in the future, we
24 believe it should be accorded prominent
25 consideration in formulating the trade agenda

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1 in the 21st Century. Those we're striving to
2 achieve through biotechnology parallel to
3 those with the Administration and how they can
4 outline it with regard to trade. We think the
5 two go naturally hand-in-hand and wouldn't be
6 complete without the other. Trade policy
7 should create, and it's been said, a rising
8 tide in all votes, and we need a trade agenda
9 that not only increases across-the-border
10 sales and investments, but one that, as the
11 President has insisted, is made to protect our
12 environment, preserve our natural resources,
13 and share the benefits of trade with workers
14 and farmers.

15 The trade agenda that failed to find
16 a balance with development or that failed to
17 reflect the contributions of all members of
18 the economy made the (inaudible) petition.
19 Through biotechnology we are producing greater
20 quantities of food with less use of natural
21 resources and less use of environmentally

- 22 (inaudible) standards. We're making farmers
23 more efficient and more profitable while
24 producing more abundant and nutritious food.
25 Biotechnology is an important promising filter

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1 in which we will aide in securing our food
2 supply in a sustainable way. Biotechnology
3 not only offers a reasonable solution to
4 feeding the 8 to 12 billion people that are
5 alive today and inhabit the earth and in our
6 children's lifespans, but they also allow
7 developing countries to transition directly
8 from preindustrial to postindustrial economies
9 thereby avoiding the extraordinary waste in
10 pollution (inaudible).

11 I want to talk just briefly that
12 growers, manufacturers, and consumers will all
13 benefit from the advances in the nutritional
14 profiles of food and animal feed incorporation
15 of sustainable practices in agriculture and
16 the efficiencies that biotechnology may bring
17 to the basic production of food.

18 Given the enormous benefits
19 biotechnology offers to agriculture and the
20 environment as well as its tremendous economic
21 opportunities it holds in store for the U.S.,

22 ensuring continued market access for the
23 products derived from biotechnology must
24 remain a high priority for the U.S. trade
25 agenda and thus WTO agenda. Continued market

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1 access is vital to maintaining a global
2 acceptance and demand for U.S. exports and
3 products derived from biotechnology. All too
4 often, though, science has not been subjected
5 to rigorous peer review. Science that has not
6 been subjected to rigorous peer review is
7 getting used in the establishment of
8 unconventional trade barriers to justify
9 prohibitions on products. It is not to be
10 compared to lengthy licensing procedures but
11 is having the same effect as outright banning.
12 This cannot be allowed to continue. Market
13 access for products in biotechnology should be
14 equal to that afforded to traditional
15 counterparts where the products are known to
16 safe and wholesome. Nations that deny market
17 access to U.S. products derived from
18 biotechnology must understand that business as
19 usual with the U.S. will not continue if that
20 improper treatment persists.
21 Accordingly, Monsanto supports the

22 President's call for a new round of WTO
23 negotiations to further open markets and
24 eliminate trade barriers. Monsanto believes
25 that such negotiations should proceed with the

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1 following principles in mind:

2 The United States should, number

3 one, take all steps necessary to guard against

4 any efforts to use new negotiations as an

5 opportunity to weaken or backtrack from the

6 advances made by the existing improvements.

7 Two, work to secure compliance of all

8 agreements already in effect. Three, make

9 certain that products derived from

10 biotechnology are accorded treatment no less

11 favorable than like products made through

12 other means. Four, address issues related to

13 biotechnology within existing WTO frameworks

14 and to include them with generally applicable

15 principles as opposed to separating them or

16 allowing them to be singled out for special

17 treatment. And five, ensure that to the

18 extent an exception or differential treatment

19 is warranted for particular applications of

20 biotechnology, such application is as limited

21 as possible and provides to the extent

22 necessary, is no more trade-restrictive than
23 necessary, and does not disguise restrictions
24 on trade, and is justified by a sound
25 scientific analysis.

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1 Special concern for future
2 negotiations should also be the increasingly
3 widespread abuse of import licensing and
4 product approval procedures by certain
5 nations. Rather than making transparent
6 decisions on such requests based on the merits
7 of the application before them, farm
8 regulators are using delaying in terms of
9 procedure to deny market access. In this way
10 foreign governments are affected from putting
11 prohibitions on products without supporting
12 the transparent process imports should be
13 employed under WTO rules. Such practices must
14 not continue. The benefits of biotechnology
15 are to raise the tide through all hopes.
16 Briefly I'll touch on four specific points and
17 then conclude.

18 Monsanto considers the SPS agreement
19 to be one of the landmark achievements of the
20 WTO, and the United States must support it
21 against any attempts to weaken it. Two, the

22 TRIPS agreement also is an extraordinary
23 accomplishment, and let's keep it acting. The
24 fundamental rights and protections established
25 in the agreement must not be diminished or

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1 weakened as a result of the new negotiations.
2 Three, turning to agriculture in general,
3 Monsanto supports broad cuts in tariffs and
4 the elimination of quotas on agricultural
5 products. And four, in relation to developing
6 countries, Monsanto recognizes the
7 considerable burdens faced by many developing
8 and least-developed countries in attempting to
9 meet their WTO obligations. Well, we believe
10 that the best way to achieve both compliance
11 by designated time tables is for the WTO to
12 provide better technical and other assistance
13 these countries need. (Inaudible) or bending
14 the rules or extending time for compliance
15 would be counterproductive for the particular
16 developing countries involved in as well as
17 for the U.S.

18 In conclusion, allow me to
19 say that the points made here today and those
20 set forth in our brief are intended to
21 preserve against the international trade

- 22 system that stands on economic opportunities
- 23 around the world. Further reductions in
- 24 duties and other market barriers coupled with
- 25 full enforcement of existing agreements will

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1 go a long way towards establishing a more
2 transparent, predictable, and secure trading
3 conditions the WTO was created to achieve. We
4 look forward to working with the FDR and other
5 representatives on the committee as this
6 process moves forward and hope that we can be
7 of assistance in every way that we can.
8 Thanks.

9 MR. SCHROCK: I'm Ron Schrock from
10 Missouri. I'd like to thank you for the
11 privilege and opportunity to testify and share
12 with you today. After some of the earlier
13 sentiments, I didn't know how close I wanted
14 to sit next to Travis here, but it turned out
15 all right. Anyway, I wanted to share a little
16 bit about -- I'm a fourth-generation crop
17 farmer getting ready to take over a mid-sized
18 family farm. I want to share with you a
19 little bit about what we're doing locally on
20 the farmer level to help our own markets and
21 to control our own destiny and a little bit of

22 the points we'd like to see the government do

23 and the Department of Ag do to help us out.

24 I am a newly elected chairman of a

25 newly organized -- what we call a POCO,

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1 producer owned and controlled organization of
2 Midwest family farms. Our mission is to
3 facilitate the movement of U.S. agricultural
4 producers to the domestic and global
5 marketplace in order to market agricultural
6 identity-preserved products to better satisfy
7 both the customers and the agricultural
8 producers' needs. In essence we put the local
9 producers in a much greater role of marketing
10 their own products.

11 I prepared a brief description of
12 our activities to give you an idea of my own
13 and our company's perspective. We preserve
14 the identity of the crops we grow in order to
15 turn them into products, whether it is a seed
16 product or (inaudible) going to our Japanese
17 tofu processors that make it into tofu.
18 We do that by providing quality in the
19 external traits and the internal traits of the
20 products being sold, in essence providing
21 value to our customers. By keeping the

22 identity preserved, we thus turn our
23 commodities into a product.
24 Commodity prices at all time lows
25 and increasing competition in agricultural

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1 production from other countries around the
2 globe, for the U.S. farmer to survive, we have
3 to think in terms of how can I differentiate
4 my product from others. It's the same concept
5 that we learned in Marketing 101 or Ag Econ
6 50.

7 Can we differentiate our products?

8 Definitely. Can we compete globally?

9 Definitely. How can we better compete
10 globally? That's what we're here today to
11 address. Here are some points that we think
12 we should consider in order to help us compete
13 globally. First of all, open markets that are
14 currently closed. Keep them open and let the
15 U.S. private enterprise do what they do best,
16 provide value both in the commodity market and
17 the identity-preserved and value-added market,
18 to always push for a clearer playing field and
19 to know the rules of play, define terms of the
20 GMO III. What does that actually mean, what
21 do you have to do to abide by that? Labeling

22 laws and products. To develop and implement
23 simple and fair testing procedures for GMOs.
24 Like I stated before, we don't want to force
25 GMOs or any other technological advances down

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1 the throats of our customers. We want to give
2 the customers what they want. If they want
3 and will accept GMOs -- if they want them and
4 will accept them, then that's what we will
5 provide. If they don't want that, we will
6 provide that as well. We are the provider.
7 We're here to give the customer what they
8 want.

9 Fourth, assuring accountability for
10 commitments made, whether it's with private
11 companies or government or large companies or
12 individuals. When there's a commitment made,
13 try to make assurances that those commitments
14 are met.

15 Fifth and last, passage of the fast
16 track authority for the President giving him
17 the ability to help us out when the need
18 arises. Thank you.

19 MR. BRUTSCHE: Mr. Secretary, I
20 would like to apologize if this comment sounds
21 sharp. My wife indicated this morning it did.

22 Yesterday I wrote this after talking to two
23 people at church that are being -- that are
24 quitting farming, that are third-generation.
25 Welcome to Iowa, and I am Dan Brutsche. I am

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1 also a fourth-generation. I'm the fourth
2 generation in the Brutsche family that hasn't
3 made money enough that we can save the farm
4 my great-grandfather purchased in the 1850s.

5 Another way to state this is we're
6 very proud to live on a century farm in
7 western Iowa that has in three generations,
8 six four-year bachelor's degrees with two more
9 in progress; a master's degree with another
10 one of those in progress. In Iowa we have 25
11 percent of the class 1 and 2 land in the world
12 based on the NRCS classifications. On these
13 soils, as Secretary Judge indicated, we
14 produce 17 to 20 percent of the corn and beans
15 in the U.S. Besides the soils, we have the
16 climate to support it and the people with the
17 expertise to manage this renewable resource to
18 its best advantage. Agriculture is being
19 measured by some policy and trade people by
20 using income as a measure of its economic
21 importance at a time when 20 to 80 percent of

22 the capital investment of some of our counties
23 in Iowa and the surrounding states are
24 generating negative income. That capital
25 investment is (inaudible) land. An income

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1 measure of economic importance leads
2 evaluators to conclude that agriculture is of
3 no consequence. A capital investment measure
4 of agriculture in Iowa and surrounding states
5 shows an important asset in terrible financial
6 distress. Agriculture is dealing with many
7 deterrents such as monetary policy which
8 generates low exports with a high-value
9 dollar, increased interest rates which
10 increased production costs, exclamation mark.
11 Selling our production on a minimum-cost basis
12 to corporations that process and resell our
13 production on a value basis. Only their
14 advantage is not passed through. And a price
15 discovery system that may erroneously suggest
16 that trading 25 times the annual production of
17 the commodity is beneficial to the income of
18 the producer of that commodity.

19 Price for cash corn was 5.15 per
20 bushel July 12th, 1996 in Coon Rapids, Iowa.
21 September 11th, 26 months later, it is \$1.49 a

22 bushel. This morning cash corn is \$1.43.
23 Mr. Secretary, this is like the Dow Jones
24 Industrial Average showing a decline from a
25 high around 11,500 points to 3220 points in 26

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1 months with all signs headed lower. Perhaps
2 the best investment if this occurred would be
3 more (inaudible). But the old economic rule
4 of thumb still applies that as agriculture
5 goes, so goes the general economy. The
6 general economy should not be feeling secure
7 about its future.

8 In 1996, seven years of agricultural
9 programs and ag trade policy were based on
10 what looks like a one-year anomaly of
11 financial fantastically increased exports of
12 grain to China and Southeast Asia, the amounts
13 of which haven't occurred before or since.
14 Congress needs to revisit these assumptions
15 made in 1996 just as ag producers are being
16 asked by lenders to reassess their financial
17 plans on 1996 assumptions.

18 The negative income and negative
19 network consequences of these decisions are
20 now having their effect. Even with the
21 advance of FSA loan payments for one year,

- 22 cash flow schedules are still negative. Is
- 23 FSA willing or statutorily able to do this
- 24 again next year? The National Commission on
- 25 Small Farms Study from the USDA indicates that

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1 in an occupation that works with the
2 unpredictability of bulls that may weigh up to
3 3,000 pounds or transfer of tractors up to 400
4 horsepower, handling hazardous materials, and
5 the general stress of timeliness of planting
6 and harvest and other unchangeable biological
7 limitations, suicide seems to be the main
8 cause of death.

9 The social cost of land transfer
10 through bankruptcy rather than land transfer
11 through positive income are very high.
12 Senator Conrad, proposing a new approach to
13 U.S. ag policy indicates that European Union
14 farmers are receiving government price work up
15 to 10 times of the level of the U.S., and they
16 are writing for more. The U.S. producer is
17 facing huge deficits in net income that
18 transfers his net worth to some of the largest
19 corporations in the world to keep the
20 prosperity of our economy sustained. So far
21 U.S. farmers have received an 80 percent drop

22 in price support levels plus criticism from
23 their government for not managing agricultural
24 assets to a better advantage. Projections of
25 \$1.70 bushel December border trade prices for

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1 corn on a harvest basis of up to 80 cents a
2 bushel can be incurred on wheat in Illinois
3 and Indiana during the current wheat harvest
4 suggests an income level so low for corn and
5 soybeans this fall, it will not meet crop
6 input costs. Without help, machinery costs,
7 labor costs, and land cost will not be met at
8 any end.

9 It's hard to separate trade policy
10 and ag policy because of the fact that ag
11 policy rules and funding dictate what
12 trade policy will become (inaudible).
13 Advantageous trade is profitable trade for the
14 producers and commodity involved. Presently
15 we are trying to export commodities that are
16 generating negative income for the producer
17 and the importer as in the case of beans each
18 way in Brazil. But not the trade income. The
19 trade income profit doesn't add up to the
20 comparative advantage for all parties
21 involved.

22 To level the playing field, ag
23 negotiators need continuing education and
24 course training in 101. We have already given
25 away the store, and other negotiations where

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1 U.S. farmers gave up around 80 percent of
2 government support they were receiving and got
3 nothing in concessions from the Europeans and
4 other countries except continuing support for
5 their own producers at sometimes increasing
6 levels. Then the ERSOM (inaudible) indicates
7 that U.S. producer is not competitive.

8 MR. BLOUIN: We need to wrap it up.

9 MR. BRUTSCHE: This assessment is
10 wearing thin at farmer commodity shops around
11 Iowa where "fair" is recognized as a bad
12 four-letter word. Mr. Secretary, the general
13 economic conditions of the U.S.A. from a
14 producer's standpoint suggests using a good
15 four-letter word, "help". Thank you.

16 MR. BLOUIN: Secretary Glickman and
17 Mr. Saunders each have told me they have some
18 comments to respond, so we'll go from there.

19 SECRETARY GLICKMAN: I don't think
20 those words were particularly sharp, and I
21 think they were useful. Let me just mention a

22 couple things. I said at the beginning that
23 trade is not the only leg of the farm safety
24 net. I think the 1996 Farm Bill was built on
25 that premise, and what we have seen is the

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1 world changes very quickly for a lot of
2 different reasons, currency exchanges,
3 recessions, and for us to put all of our eggs
4 in the trade basket is a serious mistake.

5 Now, Congress, when they passed the
6 1996 Farm Bill, it was done at a time when
7 things were good, looking better all the time.
8 There were weather problems in the world
9 that created crop shortfalls. But we have now
10 seen that that de-regulatory effort has some
11 down sides to it, and I believe that Congress
12 and the Administration working together will
13 provide short-term help, certainly this year
14 as it was done last year.

15 Saying that, however, I think that
16 there are some further structural things that
17 need to be done. For example, all authorities
18 were removed from the Secretary (inaudible) in
19 the 1996 Farm Bill to lend money for farm
20 storage. Farmer-owned reserves was removed.
21 Extending commodity loans was removed. That

22 bill capped commodity loans, as you know, and
23 of course it removed all set-aside authority
24 from the office of the Secretary.
25 Now, I'm not saying that every one

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1 of those things was necessarily perfect, but
2 that bill was based on the fact that we would
3 remove the government from agriculture from a
4 direct way and we would rely on the markets.
5 And I would have to say, Mr. Phillips, that
6 the truth of the matter is that the government
7 has tried to sell farm commodities. We've
8 used GSM farm credits the highest ever in
9 the last several years and in terms of opening
10 markets, but at times it's not enough. We've
11 had three years of world record production
12 everywhere in the world: Argentina,
13 Australia. You know, you can only force-feed
14 so much product into the world. And we've
15 also had weakened demand as well because of
16 economics. I think that is changing. Demand
17 will come up. But you've got to have a farm
18 program that addresses both the top side and
19 the bottom side. And the '96 Farm Bill
20 addressed only the top side. I think it needs
21 to be changed. But in the process, I think

22 that we do need some short-term relief, and I
23 think that's important to recognize, that
24 while these are trade sessions dealing with
25 trade issues, that we need a domestic

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1 components of our farm policy as well as a
2 trade component of our farm policy. You can't
3 put all your eggs in either basket. It won't
4 work. And we do our best, and we have to
5 recognize that the world is a globalized
6 place, so products will flow fairly freely
7 between countries, but at times it's not going
8 to work out to our economic benefit, and
9 that's where you need some countercyclical
10 nature of farm policy to protect people when
11 those kind of things happen. If you believe
12 farming is an occupation worth preserving,
13 which we do and I assume everybody in this
14 place does as well, and so I think that -- I
15 agree with your point there, and I think that
16 we have to work diligently both this summer
17 and in the next year or so to try to develop
18 some long-term structural things to try to
19 help the production of agriculture.

20 I'll just make a couple of points on
21 this. I think we're going to have to spend

22 much more on agriculture than we spent in the
23 past, you know. Now, we criticize the
24 European agriculture policy because a lot of
25 it is trade-distorting, and we have to remove

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1 the trade distortions. We've got to be
2 careful. We don't want to go and place
3 ourselves on the out entirely and end up with
4 not being able to do anything to help our
5 domestic farmers in the process. That's an
6 important policy thing that we in the
7 Administration and Congress have to also work
8 on as well and to recognize it cannot be pure.
9 It will not work if it's pure. And so I think
10 you raise an important point there.

11 On the issue of sanctions. I think
12 it is worthwhile pointing out that most
13 sanctions have been removed. It's estimated
14 that all of the sanctions that are out there
15 now count for 1 percent of agriculture sales.
16 Sanction gets a bad name and generally
17 speaking, I agree with what Hubert Humphrey
18 says. You should sell anything to any country
19 that they can't shoot back at you. Okay. I
20 think that's true. But the fact of the matter
21 is the sanctions that remain on the countries,

22 and the President has announced that he wants
23 to repeal those sanctions in Iran. There were
24 a few other countries that were mentioned that
25 we ought to do that. But we also shouldn't

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1 make people believe that sanctions are the
2 reason you can't sell agricultural products
3 overseas. It's not. There are a lot other
4 factors there beyond sanctions.

5 The final point I want to make has
6 to do about biotech, and I appreciate,
7 Mr. Brown, your comments on that. I'm going
8 to speak to this issue tomorrow at the
9 National Press Club. I think biotech is very
10 important, and science will move forward no
11 matter what. But in the process we have to
12 assure that farmers are given proprietary
13 rights in the work products so that they don't
14 become services in a fuel system where they
15 don't have any ownership rights. That's a
16 very important thing, and we must work
17 through this whole biotech area because we
18 are going to be producing more products
19 directly for the customers as you talked
20 about, Mr. Schrock. And we have to make sure
21 that producers have some ownership rights in

22 that process; otherwise, we will have a much
23 smaller and potentially victimized agriculture
24 if we don't deal with this in a very effective
25 way. And I make that point because there are

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1 some in this world that don't want to see
2 science move forward, and it will. There's
3 nothing we can do to stop it. What we have to
4 do is make sure that it's regulated fairly,
5 that the products are not put on the market if
6 there's any question if they're safe or not,
7 which we do very well in this country, and we
8 assure our farmers' rights in this process as
9 well. So I just wanted to make that comment.

10 MR. SAUNDERS: I would just like to
11 make a comment partly based on the last panel
12 and also this one and point out a couple of
13 thoughts here that I had. We're here today in
14 large part because of the greatest success
15 story in the history of the world, and that's
16 U.S. agriculture and this food producing
17 system, and we've simply overdone it, and
18 we're here as a result of our success. And
19 that success has been because of a lot of
20 things, but it's been because we've had
21 diversity in our agriculture, we've had the

22 large, we've had the small, and everything in
23 between. And I think that diversity is our
24 strength, and I'm hearing some bashing,
25 nashing of teeth here as we've heard this

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1 spring in our state and all around the
2 country. And one of the terms that we
3 hear -- and I'm one of them, you know, I'm a
4 farmer too. I've still got corn and soybeans
5 stored in the bin at home on the farm, and I
6 sold some feed to Kansas Spring at less than
7 the cost of the production, so I'm feeling the
8 frustration too. But we keep using and
9 hearing that "independent". Independent
10 farmer, and we tend to pit the independent
11 versus the corporate, and I think we've tried
12 hard in Missouri, thanks to the help of a
13 professor of agriculture, to coin the term
14 "interdependent". And I think that's what
15 we're seeing here in agriculture told today.
16 And we've got an example of it up here in
17 about four of the six people on this panel are
18 interdependent farmers.

19 Folks, we can't be totally
20 independent anymore. No matter how you slice
21 it, we're all dependent on someone, whether

22 it's the government or whether it's the
23 corporates or whomever it is. And I think we
24 need to get away from that term and try not to
25 pit ourselves against one another. And I

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1 think the challenge for both ends of the
2 spectrum, the challenge to Mr. Brown here as a
3 representative of Monsanto Company is to try
4 to focus on some of the needs of the so-called
5 interdependent farmers because they need them.
6 They need their producers. They've got to
7 sell their seed somewhere, and we're going to
8 hear from some large cooperatives here today,
9 and I've heard them being bashed, and so I
10 just think the challenge is to think of how
11 you can assist in keeping some of these
12 farmers out there, your customers.

13 On the other side, I think we as
14 so-called independents have to realize we need
15 the other guys too. They've got some
16 products. Let's face it. 51 percent of
17 the soybeans grown in this country maybe this
18 year are a result of the product developed
19 through these large companies that we can't
20 develop ourselves. So we need them. We need
21 each other. If we don't try to work together

22 and come to some agreement and focus on some
23 things that we can agree on, we're going to be
24 sending a mixed message to our customers. We
25 heard a lot of talk today about customers,

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1 giving the customers what they want. We've
2 got domestic customers here right in this
3 city. We've got foreign customers right now
4 that are getting a mixed message out of
5 agriculture because we're beating up on
6 ourselves. So I guess I would just offer
7 that. Let's try to work together and not beat
8 each other up and try to focus on some things
9 we can agree on and move forward in this, and
10 I think there's examples here. We've already
11 heard from the examples the way we can do
12 that. Thank you.

13 AMBASSADOR SCHER: I want to respond
14 to the -- the presentations were all
15 excellent. I would like to respond to two of
16 the points, one that Kyle raised on this whole
17 issue of Early Harvest on the next round, and
18 I think that is important. One of the
19 concerns we have going into this round is
20 exactly what so many people here have said.
21 We can't afford another seven or eight or nine

22 years that it took to finish the Uruguay
23 Round. Uruguay took eight years to finish,
24 and the fact is farmers cannot afford to wait
25 eight years to get relief. What we have

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1 reached as an agreement with many countries is
2 to make this a three-year round.

3 Now, the Europeans have said they
4 want this to be what they call comprehensive,
5 a single undertaking, meaning that nothing is
6 done until everything is done. In some ways
7 that's attractive, but in other ways it may
8 not be. I mean, we saw in the China agreement
9 with agriculture we've actually accomplished a
10 lot, but because everything is not done, we
11 can't implement any of those decisions. So
12 the question I think agriculture faces is what
13 is the leverage? The fact is, as you said,
14 we've opened up our market in agriculture. We
15 don't have any more to give, frankly. So how
16 do we structure a negotiation to include
17 things like services and industrial products.
18 So we say to Europe, you want us to open our
19 market more in industrial products or in
20 services areas, then you have to give on
21 agriculture. So we need to be a little

22 careful in buying into this notion of a single
23 undertaking which may say to agriculture, even
24 if we complete our work in the agriculture
25 area, we have to wait until we work out

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1 transparency rules for the WTO, issues on
2 dumping. A lot of issues which are very
3 important which frankly will take years to
4 finish.

5 So I think what we have to look at
6 is how do we structure the negotiations in a
7 way that maximizes the leverage for
8 agriculture, and that's what our focus is.
9 Now, that may mean that there are no Early
10 Harvests, but it also may mean with certain
11 sectors, for example the APAC section, the
12 oilseed section which we negotiated in APAC,
13 zero to zero oilseed. I don't want to be in a
14 position to say listen, if we haven't finished
15 everything in the WTO round, we can't get an
16 agreement on the oilseed sector. Because
17 there are areas in agriculture that can be
18 very beneficial.

19 So again, I think if the fear is
20 we're going to give away the leverage, we're
21 not giving away the leverage, and I think

22 everyone understands that. Secretary Glickman
23 has made that clear. The President has made
24 that clear. The Vice President has made that
25 clear. Agriculture is in the center of this

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1 negotiation.

2 The second point I wanted to make
3 is, I think it's interesting it came up on the
4 GMO issue, it came up on the earlier panel
5 on the issue of hormones, and that is the
6 issues of customers. I think this is a very
7 important point for me as a negotiator and for
8 all of us to think in these terms. And one of
9 the earlier panelists said we shouldn't be
10 posing sanctions against the European Union
11 because they don't want to buy our beef. And
12 we shouldn't be enforcing our trade laws
13 because they don't want to buy our GMO
14 products. And I think the issue here is who
15 decides? The issue for us is not whether or
16 not the Europeans want to buy our beef, but
17 whether or not we have the opportunity, the
18 right to try to sell it to them. If they
19 don't want to buy it, they don't have to buy
20 it. But do we want governments, do we want
21 the European government saying that they as a

- 22 government will decide what consumers will
- 23 want or not want. Think about that. Do we
- 24 want the U.S. Government to decide what
- 25 consumers should have the opportunity to buy

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1 or not buy. And so the issue in the beef
2 question, the issue in the GMO question is not
3 whether or not we're trying to force-feed
4 these products to consumers, but whether or
5 not our producers have the right to try to
6 market these products to consumers in Europe.
7 We believe that under the rules of the WTO and
8 under the rules of the trading system, we
9 should at least have the right to market these
10 products, and if European consumers don't want
11 to buy them, then that's their choice. But
12 let's not put ourselves in a position in which
13 the European government is given a veto over
14 what consumers have the access to. And I
15 think that is the fundamental issue for us as
16 we approach these issues.

17 MR. BLOUIN: My watch says about 12
18 minutes until noon, and we have nine folks
19 from the audience that have asked to speak and
20 obviously we're not going to get them all
21 in before lunch. What I'd like to do is get

22 four or five of them done, break for lunch,
23 and pick them off at 1 o'clock, if that's okay
24 with everybody. The panel, feel free --
25 there's really no reason for you to sit here.

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1 Feel free to go back to the audience. Let's
2 start with Earl Simes, if that's the way it's
3 pronounced. Earl, if you're here, I'd like
4 you to take the corner microphone and have
5 your 3 minutes of fame.

6 MR. SIMES: I won't take up too much
7 time here. I'm Earl Simes from Iowa and a
8 family farmer, and I would never in my wildest
9 dreams end up seeing agriculture in the state
10 that it's in. If you tried to write a book
11 back in the '50s or '60s or '70s, you couldn't
12 come up with anything like this in your
13 wildest dreams. As far as world trade, we got
14 domestic trade. We've got to trade to feed
15 ourselves, feed America, do our things, and
16 have a price protect -- yes -- protect our
17 farmers and not do this stupid thing of
18 overproduction. If you only had a year to
19 seed, you've gone wrong. Let's say a year. I
20 mean, good Lord. From last summer to last
21 fall through the winter Christmastime you

- 22 could have had a farm program in, something
- 23 with teeth in it, more than 25 to 33 percent.
- 24 What should we do now? Should we go out and
- 25 (inaudible) it down? Can't you come up with

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1 something slick enough that we don't have to
2 (inaudible) a third of our corn down? And
3 then support us with this post set-aside,
4 let's call it. Post set-aside that would --
5 we might as well not have it. If you've got
6 too much corn -- you know, I used to think
7 let's trade. Let's, you know, like the idea
8 here a while back where we'll feed the world.
9 We'll do it all. We'll take care of those
10 Chinese like we had on the national forum for
11 agriculture in Des Moines. Well, we had our
12 speakers on, quote, our side come up there and
13 say we're going to blow all these Chinese all
14 away. But when the Chinese can come up and
15 speak, they're going to take care of
16 themselves. They were going to protect their
17 farmers. They were going to have chickens and
18 pigs and cattle and dairy. They were going to
19 take care of it and take care of it well.
20 They weren't going to be dependent on us to
21 fall down and roll around. If we were a

22 trading partner, yeah, okay, we'll do that.
23 So they blew that national forum's idea, you
24 know, the corporate head of Pioneer and
25 John Deere and the sponsors of that junk

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1 outfit away. And like Paul Lasley of Iowa
2 State says, a true friend of agriculture,
3 we're rapidly developing Iowa into a state in
4 which none of us want to live. With corporate
5 hog, next thing is corporate land, corporate
6 farm, greed amongst farmers, yeah. The way of
7 life is gone. Iowa State said that years ago.
8 Family farm is gone. They said that 20, 25
9 years ago. Well, it's gone, all right. And
10 now this next trip-up, if it is, you know,
11 we'll have one farmer between these small
12 towns in Iowa. One farmer doing every town,
13 and what we're going for is one farmer in the
14 state of Iowa, and the only thing he'll want
15 to do is farm in Des Moines. You know, it's
16 sad when you see what's happened to family
17 farming.

18 What are you doing in there about
19 the farm program? If you want to have a farm
20 program, design it from the bottom up. From
21 the bottom to the first 500 acres. Let's make

22 some numbers. Support corn, support beans, do
23 the same thing for wheat, oats, hay, barley.
24 You know, you know how to do it. You know
25 where the percents are. You can do it better

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1 than I can. Let's support it from the bottom
2 up, the first 500, then 500 to a thousand. If
3 you don't like those numbers, go a little
4 higher. If you don't like it, go a little
5 lower. But then that way we'll pick a way so
6 that we will support the first 500, support
7 the 500 to a thousand and say the hell to the
8 rest of it and be farming 10,000 more.
9 That way we can get rid of some of these large
10 farmers because we're going to get rid of
11 something anyway.

12 Many more farmers, more farmers,
13 mind you, not less, we need. So I think --
14 page four. You have had a year to do it;
15 nothing has happened. You've failed us
16 farmers big time. And I don't know what in
17 the world you're going to come up with to try
18 to save us this time, but it better be
19 something, and it better be quick. Thank you.

20 MR. GINTER: Thank you,
21 Mr. Secretary. Thank you. It's pretty hard

22 to follow a guy like Earl Simes. I've known
23 Earl for about five or six years, and that
24 kind of wisdom ought to be out there in the
25 World Trade Organization. In fact, if the

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1 World Trade is supposed to help us family
2 farmers, I think we ought to have a seat on
3 the World Trade Organization just like the
4 European farmers and Chinese farmers and
5 Japanese farmers. And I reject a great deal
6 of the bashing some of the speakers did about
7 the Europeans, and I reject bashing all these
8 people. Back in 1776 we threw off our
9 colonial masters and determined that we wanted
10 self-rule and self-determination, and if we
11 believe in that and we put our hand across our
12 chest and pledge allegiance to the flag today,
13 now, if we totally believed that, then we
14 should be saying to ourselves they have a
15 right to self-determination and they do not
16 have to have food shoved down their throat.

17 Today I would say that our
18 agriculture policy is immoral, undemocratic,
19 and coming from a Judeo-Christian ethic, very
20 un-Christian. And every family farmer today
21 deserves a congressional medal of honor.

22 Now, we had a communication problem.

23 I was supposed to speak, I thought, on

24 livestock, and I may still do that, since I'm

25 a hog farmer. The problem we have in World

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1 Trade is in its mechanics. Our founding
2 fathers must be turning over in their graves
3 at the very thought of our legislative branch
4 of government, capitulating its constitutional
5 power to the World Trade Organization. The
6 WTO is made up of unelected individuals whose
7 loyalties are seeing to it that national and
8 international financiers, industrialists, grain
9 exporters, and food processors prowl about the
10 world unmolested. It does not represent the
11 interest of the world's independent family
12 farmers and workers.

13 The real problem facing U.S. farmers
14 is in this nation's flawed agriculture policy.
15 Federal officials have turned back the clock
16 to pre-revolutionary America. What U.S.
17 farmers have experienced these past two or
18 three years is an escalation into a world of
19 economic colonialism. The resource drain, low
20 grain and livestock prices into the hands of
21 agribusiness conglomerates is not a new

22 phenomenon. The resource drain happened to
23 the North Vietnamese under French rule, to
24 Cuba under American imperialism, to India
25 under British rule, and to our own American 13

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1 colonies under King George III.

2 The Freedom to Farm Bill is like the
3 icing on the cake for America's new colonial
4 masters like Cargill or IBP and Monsanto.
5 They are reaping millions of dollars off U.S.
6 family farmers and workers.

7 One of my favorite books is
8 called The March of Folly by historian
9 Barbara H. Tuchman. In the book she describes
10 in great detail the events that led to the
11 Fall of Troy, The Reformation, the American
12 Revolution, and to America's defeat in
13 Vietnam. In summary, she ascribes the events
14 to woodenheadedness. Woodenheadedness is
15 described as self-deception which plays a
16 remarkably large role in government. It
17 consists in assessing a situation in terms of
18 preconceived notions while ignoring or
19 rejecting any contrary signs. It is acting
20 according to wish while not allowing ones self
21 to be deflected by the facts. Ladies and

22 gentlemen, that is a mirror image of Iowa's
23 government officials five years ago who not
24 only ignored the facts about hog factories,
25 they put in place unjust laws like Iowa House

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1 File 519. It is too bad Tuchman isn't around
2 to write about the folly and woodenheadedness
3 in U.S. agriculture policy.

4 If government officials are asking
5 me what can be done to stop the livestock and
6 grain crisis, then they must first throw off
7 the yoke of corporate influence that hangs
8 around their necks. Secondly, they must send
9 a very strong message to the meat packers:
10 either pay a just price to the independent
11 producer or they will find themselves being
12 investigated by the long arm of the law.
13 Thirdly, all export enhancement money would
14 cease to any meat exporter who had food safety
15 problems, worker safety problems, pollution
16 problems, or who failed to pay a livable wage.
17 Fourthly, make the pork check-off voluntary.

18 Now, in regards to the hog factory
19 producer, I would allow county governments to
20 enact local control laws and give neighbors
21 the power to sue. I would enact strong

22 environmental laws, and before a hog factory
23 could be built, an independent, economic,
24 social, and environmental impact study would
25 be conducted and then made public in public

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1 hearings. If the study proved that the hog
2 factory would hamper instead of improve the
3 community or area, then it could not build.

4 I would also forbid earthen lagoons
5 and irrigation guns. I would also regulate
6 the amount of hogs that could be fed on one
7 site and enact strong worker safety and health
8 laws to protect hog factory workers.

9 MR. BLOUIN: Thank you, Larry. We
10 appreciate very much your comments. Mark
11 Simmons I think is our next presenter.

12 MARK SIMMONS: Distinguished
13 committee, my name is Mark Simmons with the
14 Kansas Association of Wheat Growers
15 representing the wheat producers of the state
16 of Kansas. We appreciate this opportunity to
17 comment on U.S. negotiation objectives for
18 agriculture in the upcoming round of World
19 Trade Organization negotiations. It is vital
20 to our nation's farmers and ranchers that we
21 build a freer and fairer world trading system.

22 We embrace the call to enter into a new round
23 of global trade negotiations, and we support
24 the passage of fast-track legislation.
25 We support the objectives first

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1 articulated in the proposed fast-track
2 legislation of 1997 and reiterated in Senate
3 Bill 101 introduced by Senator Lugar on
4 January 19, 1999. They are as follows:
5 Number one, export subsidies must be
6 eliminated. Number two, domestic farm
7 subsidies should be subjected to disciplines
8 that limit distortion of trade. Number three,
9 tariffs must be reduced further. Number four,
10 tariff-rate quotas should be substantially
11 increased or effectively eliminated by cutting
12 the out-of-quota duty. Number five, state
13 trading enterprises must evolve to full price
14 transparency and eventually to free market
15 entities. Number six, the rules governing
16 sanitary and phytosanitary measures should be
17 strengthened so that SPS measures are used to
18 block U.S. imports. Number seven, dispute
19 settlement mechanisms must be shortened to
20 address the perishable nature of agriculture
21 commodities. And eight, assure trade in

22 genetically-modified organisms is based on
23 fair, transparent, and scientifically
24 acceptable rules and standards.
25 The United States should establish

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1 as its highest priority the elimination of all
2 direct export subsidies within three years of
3 the conclusion of the upcoming round. We
4 believe that this will require the development
5 of a strategy for phasing out export
6 subsidies.

7 Our wheat producer members believe
8 that the United States has significantly
9 reformed its domestic support programs since
10 the conclusion of the Uruguay Round Agreement
11 on Agriculture. The passage and
12 implementation of the 1996 Farm Bill put the
13 U.S. levels of support far below the ceilings
14 established in the URAA. Therefore, U.S.
15 negotiators should seek to eliminate the
16 inequities that persist between U.S. levels of
17 domestic support and those of our competitors.

18 In terms of specifics, U.S. wheat
19 producers support the continuation of the
20 current green box conditions on direct
21 payments since the green box provides for the

- 22 use of direct payments to producers that are
- 23 not linked to production decisions. In
- 24 addition, the green box should include
- 25 decoupled income support measures, income

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1 insurance and safety net programs, natural
2 disaster relief, and a range of structural
3 adjustment assistance programs, and certain
4 payments made under environmental programs and
5 under regional assistance programs.
6 Furthermore, marketing loans should continue
7 to be treated as they have been under the URAA
8 and remain exempt from further support
9 reductions.

10 Thank you for the opportunity to
11 share with you today.

12 MR. BLOUIN: Thank you very much.

13 Let's get one more in before we break. Craig
14 Lang?

15 MR. LANG: Thank you, Secretary Judge
16 and Secretary Glickman, for this opportunity to
17 speak to you today. It certainly is a
18 privilege to have you in the state of Iowa
19 even under these circumstances. My name is
20 Craig Lang, and I represent Iowa Farm Bureau
21 as vice president. I farm in partnership with

22 my father and my brother on a thousand-acre
23 farm and we milk 400 milk cows. I apologize.
24 I missed the first two hours of your
25 presentation this morning because I spent the

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1 first two hours this morning feeding 65 baby
2 calves. Seems like I'm the only one left on
3 the farm that's qualified for that particular
4 job.

5 Trade is extremely important to Iowa
6 farmers. Nearly 36 percent of the commodities
7 we produce are exported. A typical Iowa corn
8 farmer can attribute 45 percent of his revenue
9 to the export market. The typical Iowa hog
10 producer can attribute as much as 15 percent
11 of his revenue to the export market. Overall,
12 exports contribute about \$70 per acre to a
13 farmer's per-acre revenue. When Congress
14 passed the 1996 Freedom to Farm Act, it phased
15 out price supports making Iowa farmers even
16 more dependent on the world markets. The
17 upcoming round of negotiations in Seattle is
18 extremely important to us. We need to make
19 significant progress on the remaining trade
20 barriers and resolve issues related to
21 sanitary and phytosanitary barriers.

22 We suggest these for your
23 consideration: First and foremost, we
24 strongly oppose the concept of Early Harvest,
25 this Early Harvest that the U.S. will present

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1 to the General Council of the World Trade
2 Organization this month. This proposal will
3 allow other countries to walk away from the
4 negotiations before the full package is
5 negotiated, cherry-picking the less
6 contentious issues. Agriculture is part of
7 the built-in agenda, meaning that no package
8 is complete until the agricultural
9 negotiations are concluded. We cannot afford
10 to have this very critical issue put at risk
11 by accepting the Early Harvest concept. We
12 urge you to withdraw this proposal and stay
13 with a single undertaking framework as
14 espoused by President Clinton in his original
15 statements on the upcoming negotiations.

16 Second, we must begin the
17 negotiations and conclude them as quickly as
18 possible to put Iowa farmers on a level
19 playing field with the rest of the world. We
20 recommend that you set a goal of concluding
21 the agricultural negotiations by 2002, and

22 sooner if at all possible.

23 We must resolve the issue of

24 market approval and access for biotechnology

25 products produced from genetically-modified

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1 organisms. Significant delays and lack of
2 transparency in the regulatory approval
3 process for GMOs in the European Union
4 indicate a need to clearly establish that
5 biotechnology products are covered by
6 science-based provisions of the WTO SPS
7 agreement. We cannot continue to be held
8 hostage to the EU's discriminatory processes
9 that deny market access to our corn and
10 soybeans.

11 The new negotiations must include
12 a reaffirmation of all nations' commitment
13 to the WTO agreement on sanitary and
14 phytosanitary measures. These provisions are
15 appropriate and should not be re-opened. The
16 U.S. has successfully pursued several SPS
17 cases that underscore the strength of this
18 agreement. However, we question the level of
19 commitment that our trading partners,
20 particularly the EU, have toward this
21 agreement. Re-opening this agreement will

- 22 only serve to weaken it.
- 23 All WTO member countries must
- 24 completely eliminate export subsidies.
- 25 You have heard that several times today. Iowa

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1 farmers cannot compete against the level of
2 spending that our primary competitors make.
3 The EU spends in excess of eight times -- and
4 we heard ten times this morning earlier -- the
5 level of domestic and export subsidies in the
6 U.S. This level of spending distorts world
7 trade and undermines Iowa farmer's
8 competitiveness in vital export markets.

9 The negotiations must set a specific
10 time frame for tariff equalization and
11 increased market access. Iowa farmers compete
12 openly in their own domestic markets but are
13 shut out of the export markets due to high
14 tariffs and other unfair trade barriers. And
15 we appreciate the progress you've made in
16 those directions.

17 An end result of these negotiations
18 must be improvements in the dispute resolution
19 process. Iowa farmers cannot afford to have
20 lengthy dispute resolution cases.

21 And in conclusion, I must comment on

22 today's atmosphere in agriculture. I'm a
23 sixth-generation farmer on our farm in
24 Brooklyn, Iowa, and I know that Secretary
25 Judge knows that only God cultivated the

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1 ground before my family did. But I think one
2 of the things that we need immediate attention
3 to here in the state of Iowa is a national LDP
4 program, and I would wish that you would give
5 that immediate concern and let us look at what
6 you have so our farmers can have that this
7 year. Thank you.

8 MR. BLOUIN: I have a couple of
9 announcements before we break, but before we
10 even do that, Secretary Glickman is not able
11 to be with us for this afternoon, and we'd
12 like to ask him to make some parting comments.

13 SECRETARY GLICKMAN: Well, first of
14 all, let me thank you, Secretary Judge and
15 you, Mike, for your leadership and help. I
16 would just like to say to Craig, so that you
17 know, I do -- I've indicated my support for a
18 national LDP rate. Not everybody in the
19 country, however, supports that. So we agreed
20 that we would go to the public comment.
21 Hopefully it will be short and then we will be

22 able to make some decisions fairly quickly.
23 But inasmuch as going from a county system to
24 a national rate will end up costing upwards of
25 \$500 million and maybe more, it was determined

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1 that I needed to get the issue out there and
2 have it discussed in some sort of a public
3 process. But I do think that it is not
4 equitable to see these vast differences in the
5 loan rates in the county price just across
6 state lines, just across county lines. I've
7 indicated that I think it ought to be changed.
8 So we'll try to move that as quickly as
9 possible. Unfortunately there are other parts
10 of the country that we think are going to be
11 hurt by this type of process. In fact, I
12 think that we can design it so that that won't
13 happen, but it is a bit complicated. And
14 given what's happened to prices and especially
15 what -- unfortunately today again we have
16 another crop report, and it's not good news.
17 It's more production. It's going to mean that
18 the LDP is even going to be a more critical
19 part of the safety net over the short term
20 than anybody ever dreamed of since the 1996
21 Farm Bill passed. The LDP inequities will be

22 even greater because of the utilization of it.
23 Thank God we have the LDP right now. But we
24 need to make sure that it is fair, and we will
25 continue to. Tom Grau who is here is working

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1 on this one, and we'll try to get something
2 done, as quickly as possible.

3 I want Ambassador Scher to also say
4 something before we leave because we both have
5 to go back to the same particular meeting
6 tomorrow, but these meetings are very
7 important to us to figure out what is the
8 right balance between an effective trade
9 policy which protects our rights but at the
10 same time recognizing that these trade issues
11 are not abstract inhuminations. People's
12 lives are at stake here. So we have to do
13 what's right and what's fair, and it has to be
14 accountable with domestic farm policy. You
15 can't throw it out the window at the same time
16 you work on trade issues. I think it was H.L.
17 Menkin who once said that for every
18 complicated problem, there is a simple and a
19 wrong solution. And when it comes to a lot of
20 these issues we're talking about today, there
21 is no real, simple solution to it.

22 Unfortunately I wish everybody in every other
23 part of the world saw the world as we see it,
24 and it would be very easy. But everybody has
25 to protect their own economic interest and

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1 what we have to make sure is that people play
2 by rules which are fair and transparent so
3 everybody knows what the rules are and that we
4 try to minimize trade distortion between
5 countries. We'll probably never eliminate it,
6 but as I said before, the trade part is only
7 one part of the safety net. There are other
8 parts of the safety net, and a lot of them are
9 not just farming. There's the farm bill part
10 and I've said I think we need to modify the
11 Freedom to Farm Act. It definitely needs some
12 modifications based on what's happened. We
13 also need to look at our tax laws because in
14 many respects, producers may need some
15 benefits through health insurance or state
16 taxes or those kinds of things as well that
17 don't all relate to farming policy. But this
18 is a very useful opportunity for me to get out
19 to Iowa and we're probably the only
20 politicians that are here that aren't running
21 for president. They couldn't draft me for

22 that in a million years.

23 But in any event, this is very

24 important for us to be out here. And these

25 meetings will have an impact. I want you to

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1 know that. Imagine going into the trade
2 negotiations with the farm economy in worse
3 shape than it's been for a long time. It's
4 going to have a dramatic impact on what trade
5 talks are done and what we ultimately come out
6 with. And the final thing I would have to
7 tell you is that we're very fortunate. The
8 USTR which negotiates the trade agreements
9 with our help, of course, now has an
10 ambassador for agriculture. We've never had
11 one before. This gentleman right here Peter
12 Scher who is Senate-confirmed, Presidentially-
13 appointed. And so it used to be that the USTR
14 would negotiate generally, but you never had
15 anybody that was there to really focus on
16 agriculture and farm issue. Now you've got
17 somebody who has experience in it who wants to
18 do the right thing and can kind of balance the
19 interest of agriculture with the other
20 interests that he has to deal with. I think
21 that's going to be very, very important in the

22 next rounds.

23 So I'm just delighted that I've had

24 a chance to be here. I appreciate everybody's

25 hospitality. And I'll do my best so the

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1 next time I come back, things are going to be
2 a hell of a lot better than they are right
3 now. Thank you all very much.

4 AMBASSADOR SCHER: It looks like I'm
5 the only thing standing between you and lunch
6 which is probably not a good situation to be
7 in, so let me just briefly thank all of you.
8 I also wanted to acknowledge Catherine
9 Cornelious from agriculture services for
10 organizing all of these forums around the
11 country. She's actually been to all of the
12 forums as well, and the amount of work that
13 goes into it, and I know she's worked closely
14 with Secretary Judge and her staff.

15 These are very helpful. I think all
16 of us can agree on one thing. Washington can
17 be a very (inaudible) place, and it is so
18 important for us to hear directly what your
19 concerns are, what the problems are, what
20 barriers you're facing so that when we try to
21 negotiate the right agreements, we get as

22 close to the mark as possible. And we have a
23 tough couple of years ahead. I don't need to
24 tell any of you that. The one thing I would
25 say is stick with us. We want to do the right

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1 thing by you and we want to do the right thing
2 for you and we want to do the right thing with
3 you. And it is critical that as we enter
4 these negotiations in December and we proceed
5 over the next couple of years in negotiating
6 this agreement that you're there with us
7 advising us, encouraging us on, sending the
8 signal to other countries how important this
9 is to the future of America's farm and ranch
10 families. The global marketplace has been a
11 benefit to American agriculture and has to be
12 a benefit in the years ahead if we do it the
13 right way, and I am looking forward to working
14 with all of you and the Secretary and people
15 through the country as we proceed to do right
16 by America's farmers. Thank you very much.

17 MR. BLOUIN: Ambassador, thank you.

18 Secretary Glickman, it's good to see you
19 again. Thanks very much for being here.

20 We're going to break until 1:15 to give you a
21 chance to get something to eat.

22 (A recess was taken.)

23

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